FINAL EVALUATION REPORT ON THE SECTORAL PARTNERSHIP INITIATIVE

Evaluation and Data Development
Strategic Policy
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We wish to thank the members of the SPI evaluation advisory committee for their valued participation in this project. Their advice, feedback, assistance and goodwill are appreciated.

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FOREWORD

The evaluation of the Sectoral Partnership Initiative (SPI) was planned originally to include three phases: 1) formative; 2) monitoring and data collection; and 3) summative. Since most sector councils were only early into their operational period when the SPI evaluation was initiated, a formative evaluation was conducted during 1994 and 1995. The subsequent monitoring and data collection phase was designed for implementation in two possible rounds of data collection. This report draws from the Round One data collection which was completed by mid-1997. Significant changes have impacted upon the SPI, including the federal Youth Strategy, the EI Act, and federal-to-provincial devolution of labour market training. Given these changes, it became evident that it would not be worthwhile to pursue the rest of this evaluation.

The formative evaluation of the SPI dealt primarily with rationale and delivery issues. The monitoring and data collection stage of the evaluation was intended to cover all of the evaluation issues. These issues revolve around:

- rationale;
- delivery results;
- impacts and effects;
- efficiency and cost-effectiveness; and
- alternatives.

The emphasis of this report is on new information collected, however, for completeness, findings from the formative evaluation have been integrated with this report. This report summarizes findings from both phases of the evaluation conducted to date.

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EXECUTIVE SUMMARY

Purpose

The evaluation of the Sectoral Partnership Initiative (SPI) was planned originally to include three phases: 1) formative; 2) monitoring and data collection; and 3) summative. Since most sector councils were only early into their operational period when the SPI evaluation was initiated, a formative evaluation was conducted during 1994 and 1995. The subsequent monitoring and data collection phase was designed for implementation in two possible rounds of data collection. This report draws from the Round One data collection which was completed by mid-1997. Significant changes have impacted upon the SPI, including the federal Youth Strategy, the EI Act, and federal-to-provincial devolution of labour market training. Given these changes, it became evident that it would not be worthwhile to pursue the rest of this evaluation.

The formative evaluation of the SPI dealt primarily with rationale and delivery issues. The monitoring and data collection stage of the evaluation was intended to cover all of the evaluation issues. These issues revolve around:

- rationale;
- delivery results;
- impacts and effects;
- efficiency and cost-effectiveness; and
- alternatives.

The emphasis of this report is on new information collected. For completeness, however, findings from the formative evaluation, based largely on eleven sector council case studies, have been integrated with this report. This report summarizes findings from both phases of the evaluation conducted to date.

The Sectoral Partnership Initiative

The five-year (1993/94 to 1997/98) Sectoral Partnership Initiative (SPI), announced by the Minister of Finance in the Fall 1992 Economic Statement, is a program designed to facilitate the development of a training culture and increase private sector investment in training, in which the federal government will assist the private sector in developing sectoral partnerships for coordinating human resource management. The SPI is administered by the Human Resources Partnerships Directorate of Human Resources Development Canada. The original goals of the Initiative are:

1. To leverage greater training effort by the private sector.

2. To improve access to economic opportunity through better skills.

3. To help workers in industries facing economic restructuring adapt to change.

4. To encourage the creating of new self-sufficient partnerships devoted to long-term human resource planning and development. The key stakeholders in this process include business and labour (private sector); other federal government departments; provincial governments; and educational bodies. Their purpose is to: build a training culture within individual firms; raise awareness of human resource development issues; mobilize workers and employers to take responsibility for training; and focus on particular concerns of small and medium firms.

5. To provide a quantitative information base to assist sectors in identifying and planning for skills of the future.

6. To develop and implement occupational and skill set standards which lead to a better functioning of the labour market.

Each sector council is not expected to meet all of SPI's objectives. In addition, the Initiative is evolving and these original objectives were supplemented with greater emphasis now being given to creating systemic changes in human resource (HR) practices. Although training participation had been funded in the past, SPI will now only fund sector councils for activities related to developing the training infrastructure and not for the councils to directly fund firms and employees participating in training.

The original budget for the SPI, fiscal years 1993/4 to 1997/8, was $250 million, however, after various budget reductions the five-year budget stands at $135 million (O&M and contribution program dollars combined). As of September 2, 1997, total program expenditures under SPI were approximately $87.9 million. As of the Summer, 1997, there were 19 operational sector councils and two sector councils at the developmental stage. Two sector councils have ceased operations.

Evaluation Methodology

Of the 19 operational sector councils, seven were included for intensive study in Round One of the monitoring and data collection phase of this evaluation. As well, limited data was collected on the two sector councils that have ceased operations. Methods included:

- key informant interviews;
- document review and analysis of administrative data;
- literature review;
- perception-based surveys of employers and employees; and
- project-level case studies.

For surveys done, usually a suitable comparison group could not be constructed and results reported for participants are sometimes based on relatively small numbers. For project-level case studies undertaken, interview results are generated from a success story perspective.

Although the results for some sector councils are based on quantitative data sources such as surveys, each council is effectively a case study. Experiences of one sector council may not have been faced by others, and rarely by all sector councils, making generalizations difficult. Similar to the formative evaluation, a quantitative counting of problems or benefits across the sector councils is not as important as learning from the results for each council. The methodologies, to the extent possible, were designed to collect a common core of information from each of the sector councils. In addition, data were collected on unique aspects of each sector council.

Key Findings and Conclusions

Rationale

The rationale for SPI has not diminished since the formative evaluation and, in the face of devolution of training to the provinces, SPI may have become even more relevant by providing human resource-related programs and services that are national in scope. In recent research examining the rationale for SPI, there is support for the HR approaches sponsored by this Initiative as a way to share costs of training-related investments and to capitalize on the expertise of the various partners. Past and recent public opinion surveys have confirmed that public support for lifelong learning is extremely high and there is strong public support of the partnership approach. The SPI approach, which attempts to depoliticize training and focuses on joint solutions, resonates very well with the general public. Employers and employees surveyed at the formative evaluation stage also confirmed the sector council concept is a valid approach. However, it is often difficult to translate verbal support into financial support.

Delivery Results

Structure and Organization

Similar to their products and services, there is a great deal of diversity in the design and delivery of sector councils. Despite this diversity, there are some common elements of success, based on the evidence collected to date. In fact, thus far, the structure or organizational elements of a council have been the best predictor of its future survival. The key elements of success include:

- Early and clear identification and consensus on the compelling issues that will draw management and labour together and drive the sector council process. Isolating human resource issues from collective bargaining issues is important.

- The mix of board members — this includes adequate representation of both labour and management and representation that reflects the composition of the sector. While some sector councils reach out specifically to small companies, the participation of large companies is essential to assure the credibility and financial resources for sector council survival.

- Leadership is a crucial determinant of the progress and success of a sector council — this refers to leadership of companies, unions and board members. The leadership of the executive director and the efforts of "champions" or "true believers" is also important.

- True partnerships, effective working relationships and intangibles such as the "chemistry" at the board level and with private sector and educational partners.

Agreements

There are few statements on intended impacts and effects in sectoral agreements and there are limited provisions in the current sectoral agreements for ongoing data collection and evaluation. The absence of any financial provisions has made it difficult for sector councils to devote resources to these activities, even if the results could ultimately provide information that could improve the effectiveness of their delivery results and outcomes. Strengthening sectoral agreement provisions on reporting requirements for accountability could help to clarify result commitments and strategies to measure performance (i.e., data collection and evaluation/review) regarding council contributions to overall SPI strategic objectives as well as for program delivery (outputs).

Not all partnerships will yield lasting results. Agreements must ensure that provisions are incorporated to ensure maximum use is obtained from the products and services developed by the sector council. The sector councils must also prepare for the potential dissolution of project level partnerships and ensure that provisions are made in the agreements for ownership of products, client lists, etc..

Ownership is emerging as a crucial issue for several councils as joint development projects are undertaken with third parties and products, such as curriculum and supporting materials, are provided to participants. Protecting ownership of intellectual property is a difficult and complex issue, but may be crucial to the survival of a sector council. On the other hand, the collection of royalties and efforts to protect copyright could actually conflict with the broader SPI objectives of increasing learning opportunities. Reinforcing sectoral agreement provisions to deal with the issue of ownership in the context of regular functioning or partnership dissolution could help to clarify matters in this regard.

Products and Services

There is a great deal of diversity in the products and services offered by the sector councils, reflecting different industry needs and challenges. A crude description of sector council products and services may be based on their focus on standards and/or training. Most sector councils are involved in the development of occupational standards. Examples of products and services include: development of occupational standards, training curriculum design, certification/ accreditation, funding training participation/training leveraging, and human resource research. The SPI is a large scale experiment in HR approaches which provides the opportunity to examine the strengths and weaknesses of various strategies. One potential threat to fully benefiting from this diversity is duplication of efforts across the sector councils. To avoid duplication and to strengthen the efforts of all sector councils, the activities and experiences of the sector councils need to be communicated. This communications need may have exceeded the capability of the informal communications network and may require more formal mechanisms.

Awareness, Take-Up and Satisfaction

Awareness and take-up of sector council programs and services is still relatively low. This observation is compounded by the fact that some of this training was not incremental. While some of this problem is simply due to the recent entry of the products into the marketplace, marketing is still a significant weakness. Several councils have recognized this weakness and staffed marketing positions or contracted out. In too many circumstances, however, product testing and marketing occurred *after* full production and entry into the market with products and services.

There are numerous barriers to implementing occupational standards and training and each small impediment can suppress participation. In general, a lack of flexibility in the delivery of the programs and services can severely restrict take-up rates. For example, the requirement to take courses in fixed time periods can conflict with production scheduling. Another related consideration is the role of unions in the delivery of programs and services. While union involvement may be essential at the design phase, for some sectors it may be equally essential to have a non-union labour interface as an option for the delivery of programs and services.

Overall, there were high levels of satisfaction among stakeholders and participants with the programs and services provided by sector councils. However, despite the high levels of satisfaction, in at least one survey the results indicated that participating employers were equally, if not more satisfied with training from other sources. The fact that employer or employee

participants choose sector council training may reflect the unique access provided or the opportunities for standards and certification that may be lacking in the other options. Among the more flexible options, is computer-based technology. This type of training, however, is self-directed and it is important to ensure the nature and content of the materials is clearly understood, including the skill and motivation required by the learner.

A common criticism of the training was the quality of the trainers. As train-the-trainer programs become more prevalent, it will become increasingly important to monitor the trainers and provide additional training or new trainers as appropriate. As noted by key informants, quite often the most highly skilled members of the workforce made the worst instructors despite the wealth of their knowledge.

Systemic Change and Effective Partnerships

The key informant interview and case study evidence collected in this evaluation supports the achievement of systemic change. This change has occurred within the Canadian learning system and the way in which educational institutions respond to the needs of firms and workers. College recognition of workplace-based and sectoral council-based training for credit is one example of systemic change to the learning system.

Effective partnerships are a key factor in achieving systemic change. Partnerships bring significant direct and in-kind contributions to sector councils in the form of the time of partners, contributions toward operational expenses, as well as direct contributions to development and training costs. Partnerships have also played a critical role in achieving efficient development and implementation of council programs and services. Joint development projects are not without their problems and the sector councils must carefully consider potential outcomes, costs, benefits and legal implications.

Self-Sufficiency

Given the evidence to date, the three year timeframe for achieving core operational self-sufficiency appears to be unrealistic for most sectors, unless there is already a strong partnership/working relationship. The process of developing working partnerships is frequently slower than expected, which only compounds the problems of trying to design and bring products to market within three years using a consensus decision making process. Of the seven operational sector councils included in Round One data collection, three had achieved financial self-sufficiency. Self-sufficient councils were still conducting projects consistent with SPI objectives, in fact, they were all still receiving project funding under SPI.

Focusing on a single product is a risky venture since the entire council can be at risk if the product fails in the marketplace. Diversity can be difficult to manage, but a modest degree of diversity is likely the safest approach.

Simply having successful product and service sales may not be sufficient to ensure self-sufficiency. Some sector councils with relatively modest program take-up levels have achieved core self-sufficiency from membership fees and certificates/renewal fees. There is a

need to develop ongoing core support in addition to support from product sales. This type of ongoing core support is particularly challenging for cross-sectoral councils.

Although there are compelling reasons to require industry support and self-sufficiency, there can be inherent conflicts to charging fees such as less take-up due to cost. In addition, royalty and copyrights have become important issues as sector councils participate in joint development agreements. Self-sufficiency goals would compel the sector council to attempt to protect its copyright, yet this may conflict with goals for broader take-up by imposing a cost to potential users.

Employer Impacts

The evidence from administrative data, surveys and project-level case studies suggests that council-sponsored programs had an impact for employers on increasing training and interest in training activities. When it comes to developing a training culture, the process is even more important than the product. Without employer involvement, there can be little expectation that the process will have an impact at the firm level. The involvement may be as little as simply planning or tracking their training activities to full joint labour-management participation in HR decisions.

The general consensus of employers was that the training and standards improved the skill levels of their workforce and there tended to be a related increase in productivity. There was some objective evidence of productivity and profitability improvements, but this was on a very limited scale. Other related impacts reported include improved school-to-work transition and client satisfaction.

Employee Impacts

Council-sponsored HR activities are likely to have little impact on an employee's interest in training since there is virtually a mystique surrounding the training and lifelong learning. The main benefit of sectoral initiatives would be to provide more opportunities for training, removing some of the supply level barriers. Another advantage of sectoral training is the strong link to the workplace and the standards and certification that is frequently available. These opportunities facilitate the transition from intentions to actions.

Council-sponsored training was perceived by the majority of workers surveyed to have positive short-term impacts on various job-related skills and many reported using these skills at work. Indeed, many participants surveyed cited increasing or upgrading skills as the main reason for participating in council initiatives. Survey participants tended to be split on the perceived impacts of the training on their job mobility, flexibility, security and earnings. Some participants reported a perceived increase in mobility as a result of participation in training, and many expected the training to have positive impacts on their abilities for job advancement. For other training participants, the effects on such aspects were less clear. Differences in rated impacts may be due to the fact that different conditions prevail from sector to sector and across firms, which influences the reasons why employees participate in training and their expected results. The ability of workers to realize benefits depends, among other things, on the workplace itself. In addition, it is too early to measure the longer-term benefits of occupational training.

Efficiency and Cost-Effectiveness

The evidence indicated significant efficiencies in HR activities as a result of the sectoral approach. In general, the shift to joint development with educational institutions and private companies has significantly reduced the costs incurred by sector councils to develop their products and services. Some efficiencies have off-setting costs, including revenue sharing, but also additional management and administrative costs. A potential for inefficiencies can occur if there is close overlap or duplication of programs and services offered through other means.

Alternatives

For some sectors, the alternatives to sectoral initiatives are minimal since the types of training being promoted and designed are for new occupational standards. In some sectors or occupations, there may be few delivery agents because the market niche is too small to develop tailored products and services. In other sectors, however, the role of the councils may have to shift substantially to adjust to the growth in training options. Some of these challenges present opportunities as new market needs and roles for the council become apparent.

The extent to which a sector council is a true partnership and a broad representation of the industry, the involvement of educational institutions, private trainers and industry/occupational associations eliminates the distinctions between competing alternatives and the SPI approach. The more comprehensive the partnership approach is, the less relevant the alternatives issues become.

CHAPTER

1 INTRODUCTION

1.1 Background and Goals of the Sectoral Partnership Initiative

Background

The five-year (1993/94 to 1997/98) Sectoral Partnership Initiative (SPI), announced by the Minister of Finance in the Fall 1992 Economic Statement, is a program designed to facilitate the development of a training culture and increase private sector investment in training. As part of this program, the federal government will assist the private sector in developing sectoral partnerships for coordinating human resource management. The SPI now consolidates four functions within one Directorate of Human Resources Development Canada (HRDC), that is the Human Resources Partnerships Directorate: Sectoral Partnerships Delivery Division; Standards, Planning and Analysis Division; Sector Studies Division; and Occupational and Career Development Division. The purpose of the SPI is to challenge industry to work together in a new human resource planning system that will lead to the development of human resources (HR) strategies. The SPI is only involved in upside adjustment situations.

Goals of the Sectoral Partnership Initiative

A number of important goals or objectives have been set for the Sectoral Partnership Initiative. The original goals of the Initiative, as identified in internal documents, are as follows:

1. To leverage greater training effort by the private sector.

2. To improve access to economic opportunity through better skills.

3. To help workers in industries facing economic restructuring adapt to change.

4. To encourage the creating of new self-sufficient partnerships devoted to long-term human resource planning and development. The key stakeholders in this process include:

   - business and labour (private sector);
   - other federal government departments;
   - provincial governments; and
   - educational bodies.

   Their purpose is to:

   - build a training culture within individual firms;
   - raise awareness of human resource development issues;
   - mobilize workers and employers to take responsibility for training; and
   - focus on particular concerns of small and medium firms.

5. To provide a quantitative information base to assist sectors in identifying and planning for skills of the future.

6. To develop and implement occupational and skill set standards which lead to a better functioning of the labour market.

Each sector council is not expected to meet all of SPI's objectives. In addition, the Initiative is evolving and these original objectives were supplemented with greater emphasis now being given to creating systemic changes in HR practices (see Appendix A). Although training

participation had been funded in the past, SPI will now only fund sector councils for activities related to developing the training infrastructure and not for the councils to directly fund firms and employees participating in training.

The SPI Process

Given the unique nature and needs of each sector, the process by which sectoral partnerships develop varies somewhat from sector to sector. Each partnership initiative, however, passes through several phases of development. Exhibit B.1 in Appendix B presents the typical process of development for a sectoral agreement. It is important to note, however, that the development process is not strictly linear, and that the process can be altered to accommodate the specific needs of a sector. A detailed description of this process is provided in Appendix B.

SPI Budget

The original budget for the SPI, fiscal years 1993/94 to 1997/98, was $250 million, however, after various budget reductions the five-year budget stands at $135 million (O&M and contribution program dollars combined). This latter budgetary figure excludes the $50 million for the sectoral component of Youth Internship and budget allocations for the National Sectoral Adjustment Service (NSAS) funding and initial A-base funding.

Exhibit 1.1 presents the SPI contribution expenditures since 1993-94. As of September 2, 1997, total program contributions under SPI were approximately $87.9 million. The majority of the expenditures have been for funding council operations — $33.0 million, and Skills Upgrading agreements — $35.9 million. Expenditures under the Occupational Standards agreements have been only $19.1 million. These expenditures do not include the $50.0 million in Youth Internship contributions and $27.0 million in National Sectoral Adjustment Service (NSAS) funding for SPI-related activities. Although the NSAS and Youth Internship expenditures do not come from the SPI budget, SPI management considers these expenditures integral to their approach to sectoral activities.

Agreements established between HRDC and sector councils — particularly the Skills Upgrading and Occupational Standards agreements — require matching cash or in-kind contributions from industry. HRDC has assumed a greater share of the cost of Council Funding agreements.

Sector Councils

At the time the formative evaluation reporting was finalized in late summer of 1996 (HRDC, 1996), there were 18 operational sector councils and three sector councils at the developmental stage. As of the summer of 1997, there were 19 operational sector councils and two sector councils at the developmental stage[1]. Two sector councils have ceased operations (Automotive Parts Sectoral Training Council and Impression 2000 Graphic Arts Training Council).

1. A complete listing of the current sector councils is provided in Appendix C.

EXHIBIT 1.1
SPI Expenditures
($000s)

Program Funds	Fiscal Year					Total
	1993/94	1994/95	1995/96	1996/97	1997/98[1]	
Council funding	$9,527	$8,965	$7,024	$4,152	$3,290	$32,958
Skills upgrading	$5,047	$7,576	$11,396	$8,254	$3,581	$35,854
Occupational standards	—	$1,475	$3,923	$6,203	$7,455	$19,056
Total	$14,574	$18,016	$22,343	$18,609	$14,326	$87,868

1. As of September 2, 1997.

1.2 Evaluation Issues and Methodology

The evaluation of the Sectoral Partnership Initiative (SPI) was planned originally to include three phases: 1) formative; 2) monitoring and data collection; and 3) summative. Since most sector councils were only early into their operational period when the SPI evaluation was initiated, a formative evaluation was conducted during 1994 and 1995. The subsequent monitoring and data collection phase was designed for implementation in two possible rounds of data collection. This report draws from the Round One data collection which was completed by mid-1997. Significant changes have impacted upon the SPI, including the federal Youth Strategy, the EI Act, and federal-to-provincial devolution of labour market training. Given these changes, it became evident that it would not be worthwhile to pursue the rest of this evaluation.

Unlike the formative evaluation, which primarily dealt with rationale and delivery issues, the monitoring and data collection phase of the evaluation was intended to cover all of the evaluation issues, as described below. A detailed listing and description of the evaluation issues is provided in Appendix D.

(a) Rationale Issues

- Are the Sectoral Partnership Initiative and sectoral agreements relevant to current and evolving sectoral needs?
- Are the goals and the objectives of the sectoral agreements consistent with SPI?
- Are the lines of accountability clearly understood and agreed upon?
- Is the Initiative's current design plausible?

(b) Delivery Issues

- Have the intended outputs of the sectoral agreements been achieved?

- Have the sectoral agreements produced effective partnerships?
- Have the sectoral agreements led to appropriate and effective human resource development programs and practices?
- Are sectors becoming financially self-sufficient over time?
- What level of awareness and outreach has SPI achieved?
- What level of awareness and outreach have sectoral agreements achieved?

(c) Impacts and Effects

- What are the impacts of human resources development practices on sectors and firms within the sectors?
- What are the impacts of HR practices on workers?
- What is the impact of the sectoral agreements on the economic health of sectors?
- What are the societal impacts of the SPI and sectoral agreements?
- Is there a stronger sense of responsibility and control within the private sector in terms of labour force training and human resource issues as a result of SPI?

(d) Efficiency and Cost-Effectiveness

- What is the relative efficiency and cost-effectiveness of the activities of sectoral agreements?
- Is there any overlap in constituencies in sectoral agreements?

(e) Alternatives

- Are there more cost-effective alternatives to the SPI and the sectoral agreements?

To achieve the above objectives of the monitoring and data collection phase of the SPI evaluation, multiple lines of evidence were used, including:

- key informant interviews;
- document review and analysis of administrative data;
- literature review;
- perception-based surveys of employers and employees; and
- project-level case studies.

The Round One data collection conducted has involved detailed data collection for seven operational sector councils plus limited data collection for the two sector councils that have ceased operations. It should be noted that not all of the intended evaluation activities could be implemented due to resource and timing constraints and other factors. The fact that only the Round One results are being reported and the fact that even these research activities were incomplete, restricts our abilities to provide complete answers to the evaluation issues. Exhibit 1.2 provides a summary of the data collection activities conducted for each sector council included in the Round One data collection.

Although the results for some sector councils are based on quantitative data sources such as surveys, each council is effectively a case study. Experiences of one sector council may not have been faced by others, and rarely by all sector councils, making generalizations difficult. Similar to the formative evaluation, a quantitative counting of problems or benefits across the sector councils is not as important as learning from the results for each council. The methodologies, to the extent possible, were designed to collect a common core of information from each of the sector councils. In addition, the data was collected on unique aspects of each sector council.

The emphasis of this report is on new information collected. For completeness, however, findings from the formative evaluation, based largely on eleven sector council case studies, have been integrated with this report. This report summarizes findings from both phases of the evaluation conducted to date.

EXHIBIT 1.2
Round One Data Collection Activities

Council	Round One Activities Conducted
Canadian Steel Trade and Employment Congress (CSTEC)	❑ Key informant interviews ❑ Course content analysis ❑ Document review and analysis of administrative data ❑ Analysis of internal corporate employee surveys (n=368)
Canadian Automotive Repair and Service Council (CARS)	❑ Key informant interviews ❑ Document review and analysis of administrative data ❑ Survey of CiiP (CARS Investment in People Program) participating and non-participating employers (n=608) ❑ Survey of CiiP employee participants and non-participants (n=192)
Software Human Resource Council (SHRC)	❑ Key informant interviews ❑ Document review and analysis of administrative data ❑ Survey of participants in the Mentys program (n=250 registered/ 96 users)
Canadian Tourism Human Resource Council (CTHRC)	❑ Key informant interviews ❑ Document review and analysis of administrative data ❑ Case study of one company's successful implementation of occupational standards
Forum for International Trade Training (FITT)	❑ Key informant interviews ❑ Document review and analysis of administrative data ❑ Survey of participants in FITTskills program (n=447) ❑ Survey of companies (n=501)
Canadian Trucking Human Resource Council (CTHRC)	❑ Key informant interviews ❑ Document review and analysis of administrative data
Canadian Aviation Maintenance Council (CAMC)	❑ Case study of one company's successful implementation of occupational standards
Impression 2000 Graphic Arts Training Council	❑ Key informant interviews (Council dissolution case study)
Automotive Parts Sectoral Training Council (APSTC)	❑ Key informant interviews ❑ Document review (Council dissolution case study)
Other Councils (Culture, Environment, Professional Fish Harvesters, Logistics, Horticulture, WITT)	❑ No data collection activities
Not applicable	❑ Literature review

1.3 Organization of the Report

The findings presented in this report are organized according to key issue areas listed below:

- rationale;
- delivery results;
- impacts and effects;
- efficiency and cost-effectiveness; and
- alternatives.

CHAPTER

2 RATIONALE

2.1 Relevance of the SPI to Sectoral Needs

Rationale issues were not a focus during this phase of monitoring and data collection activities, given that these issues were addressed in detail during the formative evaluation. As a result, much of the findings reported in this chapter were drawn from the formative evaluation.

The first rationale question concerns the extent to which the SPI is relevant to the needs of the sectors. At the time the formative evaluation was conducted, the overall consensus on the relevance of the SPI was positive. Representatives of operational sectoral councils gave the SPI a positive review, stating that the Initiative was very relevant to the needs of their sector. The general view of respondents was that the SPI is very flexible, and is able to accommodate a wide variety of sectoral needs. The national partnership approach was viewed to be extremely effective, and the SPI to be a timely and appropriate policy. It was felt that the Initiative puts responsibility directly in the hands of the industry where it belongs.

There was also a general consensus amongst respondents that the councils, or the activities of the councils, would not be realized without the support and funding of the SPI.

Surveys of employees and employers in the formative evaluation and surveys conducted for this phase of the evaluation, indicated a strong support for the sectoral approach.

In the formative evaluation, some councils noted some needs which were not eligible for SPI funding, which were subsequently incorporated into the mandate of SPI (e.g. Youth Internship). Other respondents indicated that HRDC priorities for councils did not necessarily match sectoral priorities.

SPI management stated that HRDC and a sector have moved forward on initiatives where the government agenda and the sector agenda have overlapped. In areas such as Youth Internship, SPI did not force sectors into activities if the sector did not feel the sector's needs and agenda at that time corresponded to the initiative. SPI management has intended the SPI approach to be one of flexibility, tailoring a sector's response to human resource issues, and HRDC assistance based on the circumstances of that sector.

The above observations by the sector councils do not negate the earlier point that there is a good match between the SPI and the needs of the sectors, they simply highlight that not all sectors share the same needs and are not always able to respond to specific government priorities. The sector councils emphasized the need for the government to be flexible, allowing each sector council to respond to new government priorities according to each sector's needs and resources.

Since the completion of the formative evaluation, there have been a number of research papers examining the rationale for SPI. The consensus of all of these studies is that there is a strong rationale for SPI. Smith (1996) states that sub-optimal training can be due to differences in social and private costs and organizations, such as sector councils, can circumvent these problems since the development costs are spread across many firms. Gunderson and Sharpe (CSLS, 1996) claim that: "the strongest argument in favour of the sector model is that it can make labour market programs in general, and training programs in particular, more effective by harnessing the private sector's knowledge of what works and what does not work. This increased effectiveness of labour market policy in turn fosters productivity and growth"(page 30). Gunderson and Sharpe (CSLS, 1996) also examined sector councils in terms of eight criteria to

assess their economic rationale. The authors conclude that sector councils meet many of the criteria and "governments should consider supporting sector councils as an option in the elaboration of labour adjustment strategies" (page 28). Green and Stahmer (1996), reporting on a study of technology-based training (TBT) among small and medium-sized enterprises (SME), conclude that "SMEs look to Sector Councils and professional associations to provide coordination and leadership so that they can have access to the training experience offered by technology-based training ... suppliers and developers also defined an important role for Sector Councils and associations in aggregating and defining appropriate learning content to make it more cost-effective to serve the SME market with TBT" (page 1).

One very important relevance question revolves around the devolution of training to the provincial governments. In keeping with broader government policy, SPI will not enter into any new agreements to fund participation in training. For example, CSTEC provided funding to firms for eligible training activities and APSTC provided funding for employees to ensure a minimum level of pay during the training. SPI will honour existing agreements, but will not sign new agreements that fund training. This change does not imply that SPI has shifted its orientation away from training. Funding will still be available to develop training curricula and delivery mechanisms. For most councils, this represents no change in their current activities under SPI and, therefore, the impacts on the sector councils will be negligible except for CSTEC, CARS and SSC (Sectoral Skills Council, electrical/electronic industry).

Changing Sectoral Needs Over Time

The formative evaluation indicated there was demonstrated flexibility in SPI's response to the needs of the sector councils as evidenced by additional agreements being signed to expand the activities of the sector councils. This observation appears to remain valid as SPI extends the funding period for the core operational expenses of some councils.

2.2 Relevance of the Sector Agreements and Sector Councils to SPI Goals and Objectives

At first glance the answer to this question appears obvious. Since many of the sector councils came into existence as a result of the SPI and the sectoral agreements are negotiated by SPI management, there should have been a good match between the goals and objectives of the sectoral agreements and the SPI. While this is generally true in terms of the process and delivery results, it is not a foregone conclusion in terms of longer term outcomes.

As observed in the formative evaluation report, the sector councils view the outcomes they are accountable for as the deliverables specified in their agreements. The sector councils, while acknowledging the importance of employability outcomes and firm level impacts (which were not specified directly in their agreements), felt evaluating the success of their sector agreements in terms of these outcomes was effectively changing the nature of the agreement. Some key informants contacted during the formative evaluation stated there should be a statement of intent regarding employability and firm level impacts in the agreements to clarify expectations for meeting SPI's broader objectives. During a recent meeting of the sector councils' representatives, the need to provide clear expectations and also clear evaluation guidelines at the outset of any new initiatives was reaffirmed.

2.3 Lines of Accountability

Generally, the councils perceive themselves to be accountable to HRDC based on the funding agreements signed. These agreements, however, tend to only have statements regarding specific delivery issues and not broader outcomes. As a consequence, the councils do not perceive themselves to be accountable for the intended impacts and effects of the SPI. Each council is responding to different needs and has a different set of objectives and activities. If there are specific statements on council objectives that match SPI objectives, then the councils agree

they would be accountable for those objectives. The councils also expect to be accountable for spending HRDC money in an efficient and effective manner, but to make the decisions regarding needs and projects in cooperation with the sector.

The lack of "buy-in" or accountability for the impacts and effects of SPI has created problems for the evaluation. Most sector councils were unprepared for the demands of the SPI evaluation on their time and the data requirements associated with the evaluation, and there were limited requirements in the contribution agreements to provide evaluation information and no funding provisions for evaluation activities. Despite these reservations, the councils recognize the value of evaluation information for future funding and the potential value of the information for the clientele. When presented with the option of proceeding with Round One evaluation activities or terminating the research, the consensus was to proceed and provide as much information as possible in time for this management report.

2.4 Plausibility and Relevance of the SPI

The basic underlying logic of SPI is plausible both in terms of achieving its intended impacts and effects, and its relevance to public policy. Investment in human capital in the workplace has been argued to be essential for improving the personal situation of workers and advancing the interests of firms simultaneously. Some sector councils clearly acknowledge that there are different interests or agendas for employers and employees in their statement of objectives or related documents. Human capital investment is one area where the different interests of the worker and the firm can be met through common solutions.

The joint labour-management approach is supported by the empirical literature since one common theme for successful human capital investment has been joint involvement of labour and management in HR decisions. Our review of existing research on training outcomes (Ekos Research Associates, 1995) and a review conducted by Riddell (1995) indicated that training that involves joint labour management input is the most effective. The sectoral initiative provides a forum for developing HR strategies that makes sense from both the perspective of the worker and the firm, an ingredient which, theoretically, should yield positive results. Betcherman

et al. (1997) found high performance HR firms, which were found to have joint management labour input, were more likely to report better performance trends.

Building better standards and training curricula alone will not lead to increased participation. A "buy in" from both industry and the workers is necessary to ensure participation. A sectoral approach cannot guarantee a "buy in" across the sector, but unilateral decision making is even less likely to succeed. Take-up will be one of the best indicators of success.

Public Support

Surveys conducted at the time of the formative evaluation and more recent surveys have confirmed that public support for lifelong learning is extremely high and there is strong public support for the partnership approach.[2] It is important to recognize, however, that "words" often bear an imperfect relationship to "deeds" and that for both workers and employers there is a substantial shortfall in actual participation in learning compared to expressed interest and commitment. There is a broad consensus that investment in learning is a key to economic security and knowledge, skills and training are viewed as a source of hope and optimism.

The public opinion research strongly indicates that the public are less concerned about who takes responsibility for education and training and are more concerned about results. The SPI approach, which attempts to depoliticize training and focuses on joint solutions, resonates very well with the general public. As well, to the extent that the SPI is able to expand the learning infrastructure will also relieve some of the expected pressure on traditional institutions which may not be able to accommodate the growing interest in learning among workers and the unique needs of this non-traditional student population.

2. Ekos Research Associates Inc., *Rethinking Government*, 1995; Ekos Research Associates Inc., *Lifelong Learning: A Summary of Recent Research*, Final Report submitted to Human Resources Development Canada, 1997.

The general public also views self-investment as a key principle in lifelong learning. This would indicate that there is strong support for the SPI approach which includes greater involvement and financial support from the industry.

CHAPTER

3 DELIVERY RESULTS

This section of the report highlights the SPI and sector council delivery results. The delivery results have been organized according to the following categories:

- satisfaction with the SPI process;
- adequacy of the agreements;
- design and structure of the sector councils;
- sector council programs and services;
- awareness and take-up;
- satisfaction with sector council programs and services;
- systemic change;
- effective partnerships; and
- self-sufficiency.

3.1 Satisfaction with the SPI Agreement Approval Process

As noted in the formative evaluation, while some sector council representatives expressed frustration with the overall clarity of the policy and its administration, opinions about SPI management and staff are very positive. The SPI representatives are viewed as very efficient, professional and helpful. Generally it was indicated that HRDC staff had made a valuable contribution to their council's development.

There were, however, a number of areas of concern regarding the SPI process and sector council needs that could be addressed by SPI, especially a lack of clear guidelines. At the time of the formative evaluation, SPI's senior management had indicated that these problems stemmed from the fact that this Initiative was a learning process for them. The SPI process has evolved over time and was not based on a static program model. There is a desire to remain as flexible as possible in administering the SPI; the fewer hard and fast rules there are, the more readily the SPI can remain flexible to meet the variety of situations that may arise. In addition, subsequent changes in the reporting structure within HRDC integrated all sectoral components: sector studies, sectoral data development, sector councils, occupational standards, skills upgrading, sectoral youth internship and national sectoral adjustment service. There is no updated information, however, on how these changes have affected new sector councils.

The length of the developmental process, particularly the HR studies, was a problem for some of the sector councils. While the developmental stage was sometimes described as "drawn out", there was also a recognition that the process helped establish the partnerships necessary to effectively implement the operational phase. During the sector study, partnerships are forged and working relationships become established. The transition period between the HR study and the developmental agreement is a crucial time to formalize partnerships, prepare potential strategies, etc., before entering the operational phase.

3.2 Adequacy of the Sectoral Agreements

The sectoral agreements provide relatively precise statements of expected delivery results, but as mentioned previously, there is a lack of statements pertaining to the SPI objectives. For example, the SPI has objectives related to improving the employability of workers, but specific statements of employability objectives are absent from the sectoral agreements. There were also virtually no provisions for evaluation of the councils' activities in the agreements. This is in marked contrast to the YIP agreements which contain very specific statements about the obligation for evaluation and also provide funding for the sector councils to conduct evaluation studies. While there may be mixed views regarding the sector councils undertaking their own evaluations, the provision of funding for evaluation activities, even if it is just to pay for resources

necessary to participate in an evaluation, may be a vital motivator for evaluations by third party delivery mechanisms.

3.3 Design and Structure of the Sectoral Councils

The early sector councils, such as CARS, CSTEC and SSC, arose out of a search for a better approach to occupational projects using a sector studies approach (Fletcher, 1996). Observing the success of the IAS project funding of CSTEC and the establishment of downside adjustment services, it was decided that this approach could be used for sector studies. The sector study process resulted in a conference on the issues and the establishment of the SSC. A similar process led to the establishment of CARS. "The emphasis of the sector studies now became less of an occupational projection exercise (this was still done) and more of a problem-solving process" (Fletcher, p. 10). Essentially the process became more important than the product. This belief in the importance of the process is still a crucial feature of the SPI approach.

Other lessons that could be learned from the early experiences were the early and clear classification of the compelling issues that draw management and labour together to resolve HR issues. The participation of large corporations which account for large segments of the labour market is essential. These major players are important to establish the credibility of the initiative and also to provide financial support and other resources essential to early development of the sector councils. Similar to the IAS process for downside adjustment, avoidance of collective bargaining issues was a key feature of the success of these early initiatives. Isolating the HR issues from collective bargaining issues helped reduce tensions and allowed labour and management to learn how to interact in a non-adversarial setting. Finally, strong leadership within the labour-management board of directors and the council executive was another feature that the early sector councils had in common.

One feature of the early successes that was overlooked in the initial planning, was the need for true partnerships based on HR issues that compel labour and management to work towards common solutions. The original operational goal for SPI was to implement 55 sector

councils within the first five years of the initiative. This was not a realistic goal if true partnerships were to be forged. As Gunderson and Sharpe (CSLS, 1996) correctly point out, one "cannot force feed the creation of a sector council even if sector characteristics appear favourable" (page 41). Perhaps fortunately, the intended target of 55 sector councils was abandoned early in the implementation of SPI when it became apparent that this target was unrealistic as a result of early difficulties.

The sector councils are very heterogenous in their approach to HR issues within their sector, however, they tend to share many features. First, with few exceptions, these are national sector councils. The only council that is not national in scope due to program design features is SSC, which, because of the use of a trust fund, is currently restricted to Ontario. There are some councils which are not national due to the regional distribution of the industry. For example, the automotive parts sector is almost exclusively concentrated in Ontario, while Ontario has virtually no fish harvesters. A sector council cannot be expected to be national in scope if the sector itself is not.

Virtually all sector councils represent either traditional (based on existing SICs) or emerging sectors (e.g. software), however, some are not based on sectors at all. Some councils are based on occupations and are cross-sectoral, such as FITT (Forum for International Trade Training) or Logistics. WITT (Women in Trades and Technology) on the other hand represents a non-specific target group within selected sectors. The uneven distribution of sector councils across the range of potential industries has been cited as a weakness of the SPI approach (c.f. Smith 1996, CSLS 1996), since some workers will have access to the benefits of SPI while workers in non-participating sectors will not. The same authors conclude, however, that the strengths outweigh this weakness. One of these strengths, the national scope of the programs and services, is especially important in an era of devolution.

All sector councils have joint labour management representation, however, the mix of business, business associations, unions, occupational associations and worker representatives is uneven across the sectors. This varied assortment of partnerships can, and has, adversely affected the products developed and subsequent take-up of the programs and services. For example, focusing on only one product can leave a council exposed if this product is not well

received in the marketplace or, likewise, is perceived to be appropriate or valuable by only a sub-segment of the sector. Similarly, developing products for smaller businesses without seeking the support of the large companies that dominate the sector can be problematic.

In some cases, the failure to get the appropriate mix of labour and management partners has proved to be a critical error. According to some key informants, one of the main causes for the collapse of Impression 2000 was the fact that the management representatives came from small companies with virtually no experience in union relationships, while the labour representatives were virtually all from larger unionized companies. Unfortunately, independent of ideologies, there can also be a clash of personalities among board members. These personality conflicts can be crippling if they occur at the level of co-chairs. Unless there is willingness to review the appropriateness of the leadership on the joint labour-management board, these personality conflicts can remain unchecked and adversely affect the progress of the council. HRDC may be able to play a role by providing an independent review of the situation and recommending options to the board of directors.

The progress of a sector council is often dependent upon "champions" or "true believers"; that is, individuals or firms who take leadership and responsibility for the activities of the sector council. These individuals find reasons for implementing plans, testing new products, negotiating new partnerships when there are always numerous good reasons for not taking action. Having major corporations take a lead role in implementing council products or services such as standards and training can have a major impact on the likelihood of medium-sized and small firms participating in the future.

The role of the executive director is another critical success factor, according to the key informants interviewed. The executive director must have the confidence of the labour and management representatives on the board, be a skilled negotiator and mediator, posses strong business skills including marketing, be able to manage projects and bring products on stream in a timely and cost-effective manner, and be able to adapt to changing circumstances. There has been a high degree of turnover at the senior levels of the sector councils. This level of turnover may not be substantially different from other senior level positions, however, it may have impeded progress in some circumstances. Others have stated that changes were needed in these positions.

It is possible that the skills required in the early formative stages of a sector council may not be the same skills necessary for the operational phase. One sector council, APSTC, used co-managing directors rather than one executive director. According to some key informants, there were drawbacks to this approach including being more expensive and tending to fragment responsibilities.

The different focus of the various sector councils in terms of representation on the councils, the target groups for programs and HR problems addressed have been criticized in the past. While improvements to the coverage or representation within the sector councils and the target groups is possible and desirable, to some extent this "problem" is the very nature of the program — a voluntary partnership designed to address issues of common concern. The sector councils themselves should be motivated to ensure that their infrastructure reflects the sector they serve, otherwise they risk losing touch with their target markets and creating products that will fail in the marketplace.

Virtually all of the sector councils have representation from provincial governments and educational institutions. While this has not always been the case, the sector councils have learned that partnerships with other organizations can yield benefits in terms of additional resources, cost sharing, and developing new markets.

In the case study of APSTC, key informants highlighted the problem of unrealistic goals. The targets established for program take-up were, after a more realistic exposure to market potential, unrealistic. These goals were not formally reassessed. The result was to undermine responsibility for participation since the objectives could not be met. A more aggressive approach to program performance monitoring may have been implemented if new, more realistic goals had been established.

3.4 Sector Council Programs and Services

Before examining the delivery results for the sector councils, we will provide a brief overview of the sectoral delivery mechanisms, services, products and programs. A crude description of sector council products and services may be based on their focus on standards and/or training. Most sector councils are involved in the development of occupational standards. Typically, a training curriculum is identified or developed to support the standards developed. Some councils design their own training courses, others rely on existing training courses or the willingness of educational/training institutions to develop the necessary training. The same is also true of training delivery, with some sector councils providing training delivery while others act as training brokers. In a few cases, funding for participation in training is provided to leverage contributions from industry participants. For CSTEC, for example, out of $17.6 million in training expenditures eligible for funding in 1996/7, only $2.7 million was government funding compared to $14.9 million in company contributions. Testing, certification and accreditation is also a feature of many sector councils.

While there are many similarities between the products and services offered by the sector councils, one of the most interesting aspects of sector council design and structure is the diversity of the products and services developed, including the following:

- skills inventories;
- occupational definitions and standards;
- creation of new occupational or professional designations;
- training course inventories;
- HR databases and tracking;
- HR seminars;
- curriculum development;
- prior learning assessments;
- funding training participation/training leveraging;
- training loans;
- piloting of training;
- training delivery;
- computer-based training (CBT), CD-ROM training suites;
- Internet-based training;
- customized training;
- training brokering;

- co-development of training curriculum/third party implementation and delivery;
- training institutes;
- train the trainer programs;
- institutional accreditation programs;
- training/occupational certification;
- certificate tracking and record management;
- videos;
- workshops;
- newsletter and publications;
- market research;
- equity initiatives; and
- youth initiatives.

This enormous diversity is viewed by most observers as a key strength of the SPI approach. A multitude of approaches are used to deal with the unique challenges within each sector. In addition, this provides an opportunity to consider the strengths and weaknesses of various approaches before they are applied in other sectors. This diversity will likely lead to a greater number of "failures" or less fruitful ventures than the traditional HRDC top-down national standards/training programs, although the sectoral industry-driven approach will also likely result in more industry-relevant and innovative solutions to HR issues. For many of the projects, it is still too early to provide a definitive statement on the advantages and disadvantages of a given approach, although there are valuable lessons that can be learned now and as the various products and services receive more exposure in the marketplace.

One potential threat is the duplication of efforts across the sector councils. It is extremely important that the sector councils continue with their regular meetings and investigate other methods of communicating their activities and experiences (e.g., web sites) to other sector councils and stakeholders. However, as the number of councils and activities of the councils expand, it may be exceeding the ability to communicate the level of detail necessary through informal communication among the sector councils. Although some centralized information exists through HRDC and the CLFDB (Canadian Labour Force Development Board), there is a need to communicate in greater detail on learning experiences from the development process, resources and contacts, take-up rates, revenues, satisfaction levels, perceptions of the sector council of the strengths and weaknesses/lessons learned. There would have to be a commitment on the part of the sector councils, however, to provide the information on a periodic basis.

3.5 Awareness and Take-Up

One issue to be addressed in the evaluation concerns the level of awareness and outreach sectoral agreements (councils) have achieved. The sector councils have used a number of methods to promote awareness of their products and services. This includes the following activities:

- newsletters;
- publication of magazines/magazine inserts;
- submission of articles to magazines and journals;
- organizing or participation at conferences/trade shows;
- mass mailings;
- website; and
- videos/multimedia campaigns.

In too many circumstances, however, product testing and marketing occurred ***after*** full production and entry into the market with products and services. Although the design of products and services are typically directed under the guidance of industry stakeholders, pre-production market/user tests should be conducted. Some councils have implemented market testing and have contracted out or hired marketing expertise. Unfortunately these marketing initiatives often occurred after problems in the marketplace became apparent.

Marketing can present unique challenges. CARS managed to turn an adversarial situation into a marketing opportunity when magazine publishers charged that a magazine CARS was producing was unfair competition due to government funding. As a result of these discussions, CARS eliminated their costly magazine publication and, for a fraction of the cost, provides an insert to an existing publication. CARS cut costs and reaches the same audience more frequently.

Awareness levels and take-up vary substantially across the sector councils. The Round One surveys conducted indicated relatively low levels of awareness of the sector councils and their activities. In some cases, one would expect low levels of recognition for the sector council, but one would anticipate that either at the firm level or the employee level (depending

on how participants are targeted) there should be recognition of the specific products. Although we have information from a limited number of sector councils where surveys were conducted of participants and non-participants, these results confirm a relatively low level of awareness for products and services offered by the sector councils, typically below 20 per cent. Based on documents reviewed and analysis of administrative data, take-up rates were also estimated to be relatively low, less than 5 per cent of the potential target market. Not all of this take-up was incremental. When asked about the training sponsored by the sector councils, over half the participants surveyed (Software, FITT) indicated that they would have obtained the training elsewhere. However, in the case of CARS, there was little difference in the incidence of formal automotive-related training (excluding CiiP) between participating and non-participating employers, suggesting that this training was incremental.

Weak marketing efforts may explain some of the short fall between the take-up levels expected by the sector councils and the actual take-up, although building awareness does not always translate into high take-up. There are numerous barriers to the take-up of sector councils' programs and services, including:

- It is still a difficult process to convince individual employers of the value of generic training compared to their firm specific training.

- In attempts to leverage training or encourage participation in training programs, cost is a major factor. There are typically limited resources available for human resources development and firms are uncertain whether the benefits outweigh the costs. A lack of a clear return on training investment (ROTI) for sectoral products and services is a frequent problem.

- Competition with other training priorities, especially ISO9000, was cited by employers surveyed.

- Competition with other training products. In some cases, shorter training or less expensive training may be available and, although the competitors' product may be inferior, it may have no discernable disadvantage in the labour market compared to the sectoral product.

- A lack of human resources for training. There are often very skilled individuals on the worksite, but they are frequently weak trainers posing challenges to the implementation of workplace-based training components. Finding a combination of a skilled worker who is a good instructor is a problem for individual firms and training delivery agents.

- Formal training requires that workers are removed from production. Not only is this costly, but unpredictable peaks in work can interfere with training plans. Firms will often defer training plans for long periods of time until there is a reduction in production demands.

- For individuals, if the training is not a workplace activity, a lack of time is one of the most frequently cited reasons for not participating. The costs for the individual, including lost wages and opportunities, travel costs, etc., was another major barrier for individuals.

- Another training barrier is concerns about "poaching". Firms that provide training may lose workers with considerable human capital investment to firms that do not provide training or related HR activities. The potential for "poaching" may be seen to be greater for the generic training sponsored by the sector councils. Once a sectorally based initiative reaches a critical mass of support and participation within the industry, this barrier can be reduced, if not removed, since other firms are making the same investments.

- In some cases, the implementation of occupational standards has the potential to clash with collectively bargained definitions of occupations and skill sets in unionized firms.

In general, a lack of flexibility in the delivery of the programs and services can severely restrict take-up rates. For example, the requirement to take the APSTC certificate course in full one-week blocks and not spread over time according to peaks and valleys in production, was considered to be one of the barriers to take-up among the firms.

Another related consideration is the role of unions in the delivery of programs and services. Union involvement, as representatives of labour, is essential to ensure that the interests of the workers are reflected in the design of council programs and services. However, for some sectors it may be equally essential to have a non-union labour interface as an option for the delivery of programs and services. Concerns about union involvement, particularly at the firm site, is perceived to be threatening for non-unionized firms and is a barrier for take-up among these firms.

3.6 Satisfaction with Sector Council Programs and Services

Consistent with earlier results, all stakeholders express a high degree of satisfaction with the products and services offered by the sector councils. The sources of information for this observation includes feedback obtained from key informant interviews and surveys of participating firms and employees. Most respondents could offer suggestions for improvements, but this did not detract from their overall satisfaction. It is interesting to note, however, that despite the high levels of satisfaction, in at least one case the results indicated that the participating firms were equally, if not more satisfied with training from other sources. The fact that employer or employee participants choose sector council training may reflect the unique access provided or the opportunities for standards and certification that may be lacking in the other options. Among the more flexible options, is computer-based technology. This type of training, however, is self-directed and it is important to ensure the nature and content of the materials is clearly understood, including the skill and motivation required by the learner.

For one project, which was a pilot implementation of Internet-based training, the satisfaction ratings were relatively lower than ratings observed for types of training provided by a few other sector councils. This may be simply due to the pilot nature of the test and some of the unique issues related to the internet (e.g., security, time to download material, an Internet "culture" that resists paying for products on the Internet), however, it a could be reflection of the problems associated with self-directed training. In self-directed computer-based training (CBT), such as Internet training or CD-ROM training packages, self-motivation may be a very significant factor. There may be more initial "inappropriate" participants since there is often no screening process as might exist in a workplace. The self-directed methods such as Internet-based training or CD-ROMs have great potential for outreach and cost-efficiencies, however, there are likely going to be more non-completers/non-participants or long delays between sign up/acquisition and the actual training. It is very important that the nature of the content, skill requirements and commitments are specified in advance to help prospective clients better assess the suitability of the methodology to meet their needs.

One feature of training often cited by surveyed employees and employers as an area for improvement was the quality of instructors. As noted earlier, highly technically skilled colleagues may not be very effective teachers. The skills sets are not mutually exclusive, but definitely more difficult to find in combination. This highlights potential problems with the train the trainer approach. The train the trainer system may be a highly cost-effective approach and may also be a means of introducing changes to the training culture at the firm level. However, it is important that the effectiveness of these trainers be tracked and "ineffective" trainers be provided with new training or replaced with new graduates from the train the trainer programs.

3.7 Systemic Change

One SPI objective is to fundamentally change the way in which HR practices are designed and implemented within industry. The SPI process, specifically the joint participation of labour and management, is a profound shift in the way in which HR practices have been developed and implemented in the past.

With the increasing inclusion of educational institutions as partners in the sectoral process, there have been some fundamental changes in the role of educational institutions and the functioning of the Canadian learning system. An example of how jurisdictional boundaries have been changed is the participation of educational partners in the development of transferrable credits. The ability to transfer college credits for sectorally developed training is a significant change in the way the educational system has responded to the needs of industry. There has even been a recognition of workplace based learning by the community colleges.

The sector councils have also influenced how schools and colleges develop curricula. The SPI process has resulted in schools and colleges modifying their courses to make them more relevant to the needs of the sector and participating in sectorally developed accreditation programs.

The process of using nationally representative sector councils for developing national occupational standards is another important change. In the past, standards development

often began at a provincial level and then efforts were made to derive national standards from these provincial standards. The systemic change can be traced through the flow from the development of standards, to training standards, to curriculum development to training.

Another example of systemic change was the ability of SHRC to facilitate a revised process for recognition and approval of immigrants with software experience.

3.8 Effective Partnerships

A key element in the SPI is the development of partnerships. Compared to when the data collection was completed for the formative evaluation, there has been an increase in the number of representatives from educational institutions and provincial governments on sector council boards of directors. Partnerships bring significant direct and in-kind contributions to sector councils in the form of the time of partners, contributions toward operational expenses, as well as direct contributions to development and training costs. The limited 1996-97 information available for this evaluation report concerning several operational councils included in Round One, suggests that these industry expenditures can range from $300,000 to as high as $14.9 million for a one-year period for a sector council (each extreme representing a single case). These new partnerships have also not only contributed to improving the quality of products developed, but they have opened up options for joint development and implementation of products and services.

One innovation that has gained prevalence is the co-development of training products and services. The development costs of the products are sometimes jointly funded by the sector council and a third party organization, frequently a private sector organization. The sector council and the third party organization may then share in the subsequent revenues that are generated. This is an effective methodology for the sector councils to leverage funding and take advantage of the strengths of other organizations. For example, SHRC and Logistics partnered with firms specializing in CD-ROMs to develop training packages. The agreements between the councils and the private sector partners include sharing costs and revenues. Another example is CSTEC, which originally developed their own training courses but, as a result of their partnership

with the colleges, is now having courses developed by colleges with limited costs being incurred by CSTEC. CARS has undertaken several joint ventures with other councils, including an emissions control certificate that was jointly undertaken with the Canadian Council for Human Resources in the Environment Industry.

In some cases, the third party joint participation is not for profit, but frequently revenue sharing is an important element in the partnership. As these relationships have become more common, it is important to note the downside aspect of this relationship. The main disadvantage is the issue of ownership. Unless the sector councils wish to lose control of the product they have developed, there must be clear statements in the contractual agreements on how to resolve disagreements over product development, marketing, and implementation. Ownership of not only the product and any trademarks is crucial, but so is access to client lists, participant information, etc. The contracts must clearly state how these issues will be handled in the event of a dissolution of the partnership.

3.9 Self-Sufficiency

There are several rationales for implementing the three year self-sufficiency clause in the sectoral agreements, including:

- to enable the SPI to cover more sectors by reducing the demand for ongoing support from existing sector councils;
- to ensure that the sector councils are relevant to the needs of the industry (failure to obtain industry support is a strong indicator that industry does not value the products and services offered by the sector council);
- to ensure the buy-in from the industry is real;
- to reduce perceptions that the sector councils are an extension of the government;
- to ensure stability and protection from government fiscal constraints;
- to achieve greater autonomy while maintaining a partnership with the government; and

- to ensure that sector councils are not federal "agencies", but rather are private sector bodies.

HRDC has formally defined self-sufficiency referred to in the sectoral agreements as pertaining to basic administrative costs only (i.e., core operational self-sufficiency). This is a formal recognition on the part of HRDC that not all aspects of sectoral council activities may be capable of becoming completely sustainable on their own.

As mentioned above, part of the rationale for core operational self-sufficiency is to enable the program to support numerous sector councils using a limited pool of funds. Core operational self-sufficiency is one means of achieving outreach to numerous sectors (originally the plan was to implement 55 sector councils). As sector councils achieve core operational self-sufficiency, funds would be available to fund new sector councils.

This rationale cannot be easily extended to complete sector council sustainability (i.e., breaking even including program development/delivery expenses). Striving to break even completely could, in some cases, compromise other objectives. For example, in pursuit of this larger goal, eliminating council funding to companies which were implemented to increase training activity through leveraging training funds, would likely mean a decline in the amount of training. As well, the charging for services, products and programs offered by the sector councils may restrict access according to the ability to pay.

Of the seven operational sector councils included in the Round One data collection (two of the councils selected had ceased operations and therefore were not operational) CSTEC, CARS and Software had achieved self-sufficiency. Those councils that had achieved self-sufficiency were still conducting projects consistent with the SPI objectives, in fact, they were all still receiving project funding under SPI. The two councils that ceased operations, Impression 2000 and APSTC, essentially terminated operations due to disagreements between labour and management and lack of commitment to sector council products. These differences of opinion were obviously going to have an impact on the sector councils' self-sufficiency, but the source of the problems were not financial.

The ongoing project funding has been crucial to the operations of several sector councils, paying for staff to plan and implement new or existing programs and services. How councils will adapt if and when project specific funding ends is unclear at this stage.

In order to deliver quality products in a cost-efficient manner, some sector councils have entered into joint development agreements with private sector organizations. Royalty and copyright issues have become important. In some respects, however, the issue of copyright is a difficult one and can conflict with the broader SPI mandate. It is very difficult to copyright training materials, some would say nearly impossible, but at least one can protect the "trademark" which may have significant marketing investments.

Anecdotal evidence indicates that some individuals/firms, to reduce their own costs, may have obtained training materials, modified them for their own purposes and then made the revised course available to others at no cost or a lower cost. In these situations, the broader objectives of SPI are met — increased training activities/improved quality and relevance of the training. The self-sufficiency goal, however, would compel the sector council to attempt to protect its copyright and get the non-paying users to cease their activities or make payments. The area of copyrights and royalties is a complex area and this topic may be worthy of a special meeting of the sector councils to share common experiences and bring in experts to assist with technical issues.

CHAPTER

4 IMPACTS, EFFICIENCY AND ALTERNATIVES

4.1 Early Impacts and Effects

Through council documentation and key informant interviews, each council has identified a range of impacts they expect their activities and initiatives to have on workers, companies and the industry overall. Results of the data collection conducted to date suggest that a number of positive impacts have indeed been realized, though these are based primarily on ***perceptual*** data. These results have sometimes been mixed or negative as well. An overview of the impacts and effects based on the data collection activities is provided below.[3]

3. For surveys done, usually a suitable comparison group could not be constructed. Survey results reported for participants are based on sample sizes that were sometimes relatively small due to limited take-up and difficulties contacting participants. For project-level case studies undertaken, interview results are generated from a success story perspective.

(a) Employer Impacts and Effects

Increased Training Activities

An intended impact of many councils is to increase the level of training activities occurring within their industry. There is evidence from both administrative data (CSTEC) and the data collection results that council initiatives have resulted in some incremental increase in training (e.g., FITT, Software and Tourism). Implementation of occupational standards and the decision to register or certify the workforce has implications for training activities. In order to certify that employees are competent to national standards, firms will likely have to boost their training activities.

Increased Skills

Many programs developed by councils, including both training initiatives and occupational standards and certification, aim to improve the skills of participants. Results of monitoring and data collection suggest that skills have been or should be improved as a result of sector council initiatives. For CARS (i.e., CiiP training), participating employers expected gains in the skills of their workforce. Concrete examples of the impacts of increased skill levels were provided in a number of instances. In one case, CAMC, a company indicated that compensation levels would be reviewed, perhaps linking pay and skill taking into consideration participation in occupational standards and the resulting positive impacts on skill levels. In the case of FITT (i.e., FITTskills training), a third of participants had altered their career objectives or gained increased responsibilities, one quarter had changed jobs, and one in five started a business following their participation.

Development of a Training Culture

Fostering a training culture is an important objective of many councils. A training culture implies an industry-wide commitment to training, recognition of the value of training and, in turn, increased training activities.

The results of data collection suggest that the development of a training culture is being furthered by council efforts. For example, most CARS employers surveyed agreed that participation in this training had a positive impact on the training culture within the firm. Among participants, there is evidence that participation in training has resulted in an increased interest in training (and in pursuing additional training). An increased interest in training was evident among participants interviewed in the tourism case study and of close to three quarters of the Software (i.e., Mentys training) participants surveyed. In at least one case (CSTEC), the number of trainees decreased by a relatively small proportion, even though funding for training participation decreased substantially. Among employers, participation in council initiatives has in some instances (e.g., CARS) improved the planning of training within companies and even industry-wide.

Labour-Management Relations

There are mixed results in terms of impacts on labour-management relations. In the case of CARS, just over two-thirds of participating employers agreed training had a positive impact on worker-management relations. The extent to which this occurs is dependent on the level of joint labour-management participation at the firm level. There is some anecdotal evidence that the joint labour-management process at the sectoral level has improved relations in other areas, but generally conflicts over bargaining issues are separate and not easily influenced by other processes. There was some evidence that the impacts on labour management relations can be negative if the council "fails". For example, some key informants in the APSTC case study indicated that the sector council process had had a negative impact on labour-management relations at the sectoral level.

Productivity and Profitability Improvements

Participation in council initiatives can also result in productivity improvements for firms. Productivity improvements are largely a result of the increased skills of employees participating in training initiatives. Examples of productivity improvements were available for a number of councils, though the nature of productivity improvements varies by industry. In the case of the service sector (e.g., tourism), productivity improvements can mean an increase in sales. One example of participation resulting in productivity improvement was provided by the case study in tourism, where the firm had experienced a dramatic increase in wine sales following certification of servers as Wine Stewards. In the case of international trade, productivity improvements were evident from the fact that a number of participants reported an increase in the level of international trade they engage in as a result of their participation in sector council-sponsored training. For CARS, a simple comparison of participants and non-participants on self-rated measures of the performance of their establishments over the last three years, revealed a positive advantage for CiiP participants in two areas: customer service quality and productivity (and, to a lesser extent, profits).

Client Service

There was limited impact information available on the satisfaction of a firm's clients or service levels, especially since surveys of participants often did not include participants who had direct contact with their company's clients or the training taken was not directly related to customer service. The tourism case study indicated improved customer service and client satisfaction. Close to three-quarters of employers participating in CARS perceived improved product quality as one of the impacts. The broader impacts of improved processes/product quality were not assessed through direct measurement with the clients in this phase of the evaluation.

Safety

Occupational safety often falls outside the mandate of the sector councils since health and safety training is mandated. In the trucking industry, however, a goal of the council is to improve industry safety through improved driving skills. Evidence of success in this area is provided by the fact that key informants stated companies participating in training initiatives have seen their insurance costs decline.

School-to-Work Transition

While school-to-work transition is a more important concern for youth initiatives, results of data collection activities with at least one council, CAMC, provided evidence of an impact in this area. The company which was the subject of a case study in the aviation maintenance industry indicated that the learning curve of new recruits who had graduated from sector council-based training program had been substantially reduced.

(b) Employee Impacts

Increased Training Activities

There was evidence of increased training for the individual workers with many participants indicating they would not have obtained the training elsewhere. As to be expected, not all the training provided is incremental; some participants also indicated that, had council training not been available, they would have sought the training from another source. In particular, one in five Software participants and half the FITT participants surveyed agreed that they would not have obtained the training elsewhere. On the other hand, evidence from the CARS survey of participating and non-participating employers suggests that this training was

incremental. One distinctive feature of much of the council-sponsored training is that it is linked to standards and the potential for certification. Thus while similar types of training may be available, there are few training opportunities that offer a link to occupational standards or national training programs.

Increased Skills

The majority of respondents to surveys of participants (FITT, Software) and employers (CARS) agreed that the council-sponsored training had positive impacts on a variety of job-related skills. Indeed, many participants surveyed (over one third of Software participants and over half of FITT participants) cited increasing or upgrading skills as the main reason for participating in council initiatives. A substantial proportion of participants also reported using their skills on the job. In particular, just under half of Software participants and close to two thirds of FITT participants reported using the skills acquired in training on the job.

Mobility, Flexibility, Security and Earnings

The survey participants tended to be split on the perceived impacts of the training on their job mobility, flexibility, security and earnings. Some participants reported a perceived increase in mobility as a result of participation in training, and many expected the training to have positive impacts on their abilities for job advancement. In particular, over half of FITT participants agreed the training had a positive impact on their ability to move to another position and a similar proportion expected positive impacts in terms of their future earnings. Three-quarters of participating CARS employers agreed that this training had a positive impact on employee mobility and flexibility and just under half of these employers agreed training had a positive impact on future earnings. Finally, close to two thirds of participating CARS employers reported a positive impact on employee job security.

For other training participants, the effects on job mobility, flexibility, security and earnings were less clear. For example, just over one-quarter of FITT participants reported positive training impacts on job security. Less than one-third of Software participants reported that their training had a positive impact on their mobility, while just over one-quarter reported a positive impact on their future earnings.

Differences in rated impacts may be due to the fact that different conditions prevail from sector to sector and across firms, which influence the reasons why employees participate in training and their expected results. In some sectors or companies there may be less opportunity for mobility and the participants may be attempting to mainly improve security by expanding their work skills. Other workers may be less concerned with security and more focused on the opportunities training may provide for advancement or career changes.

Confidence and Motivations

In addition to perceived impacts on skill levels, participation in council initiatives appeared to have other impacts on participating workers. Some of these impacts are intangible and difficult to measure, such as increases in pride, job satisfaction, self-confidence and perceived image of one's occupation. Improved job satisfaction was reported as an impact by over half of FITT participants and over three quarters of CARS employers, while two thirds of Software participants indicated the training had a positive impact on their interest in more training. Impacts on self-confidence were noted by participants interviewed as part of the tourism and aviation maintenance case studies.

4.2 Efficiency and Cost-Effectiveness

The evidence available from the Round One data collection on efficiency and cost effectiveness is limited. There was ample evidence in the information collected on cost efficiencies obtained from various HR approaches, including:

- the CAMC case study reported the learning curve for new employees trained to national occupational standards was reduced;
- CSTEC was able to negotiate an industry-wide per diem cost for college delivered courses well below the current average charge to steel companies;
- credits portable between colleges and prior learning assessment and recognition will significantly reduce the costs of post-secondary education for workers/firms;
- the CTHRC tourist resort case study indicated a relatively modest investment in a wine serving course which had a dramatic increase on the amount and type of wine sold;
- the provision of CBT either through CD-ROM or the Internet is potentially an efficient delivery mechanism for councils using this approach, but also provides the opportunity for "just-in-time" training which would be more efficient for participants; and
- the CTHRC and CAMC case studies both indicated that a primary reason to participate in the occupational standards was to obtain the training and avoid having to develop their own training which would have been a more costly endeavour.

Some efficiencies have off-setting costs. For example, a college which is applying for accreditation to provide CAMC training stated the access to the CAMC curriculum significantly reduced their curriculum development costs. This saving, however, was off-set by the costs of the accreditation process which they estimated to cost one full person-year. The college is still pleased to participate even if the savings and costs net out because the college believes this program enables the college to attract more students, generate revenues and provides them with the confidence that they are meeting the needs of industry.

In general, the shift to joint development with educational institutions and private companies has significantly reduced the costs incurred by sector councils to develop their products and services by leveraging financial and/or in-kind contributions from project partners. In some cases, the council acts only as a training broker, avoiding all of the developmental costs for original training. An advantage of the broker role is that it has the potential for significant revenue generation with modest costs.

As noted earlier, these partnerships are sometimes associated with costs, or more accurately, revenue sharing. There are also risks associated with these joint ventures should the partnership be dissolved. Any joint venture agreements should clearly acknowledge this potential and stipulate the ownership of the intellectual property, client information, and cost reimbursements.

A potential for inefficiencies can occur if there is close overlap or duplication of programs and services offered through other means. While there were few examples of such overlap in the current data collection activities, this remains a potentially significant source of inefficiency. This potential inefficiency, however, must be balanced against efficiencies gained by the sector councils, including avoiding having individual companies, educational institutions, and different levels of government each developing their own products and services.

4.3 Alternatives

During key informant interviews, document reviews and a literature review, a number of potential alternatives to sectoral activities were identified, including:

- colleges, universities and private trainers;
- ISO9000 training;
- provincial organizations;
- industry and occupational associations; and
- foreign standards and training.

For some sectors, the alternatives are minimal since the types of training being promoted are designed for new occupational standards. In some sectors or occupations, there may be few delivery agents because the market niche is too small to develop tailored products and services. In other sectors, for example, software, the growth in training providers and support services has been rapid. Gaps in the marketplace identified four to five years ago may now be filled by private sector or other public sector financed activities. The entry of the publicly financed sector councils into markets already being served by the private sector has raised concerns about the need for these sector council products or services.

In other circumstances, the sector councils may not be offering similar products but are in competition for scarce HR expenditures. Some challenges or competitors should be viewed as potential solutions. For example, where possible, linking training and certification to companies' needs to conform to ISO9000 standards may provide a method of market entry.

The involvement of educational institutions, private trainers and industry/ occupational associations eliminates the distinctions between competing alternatives and the SPI approach. The more comprehensive the partnership approach is, a discussion of alternatives loses its relevance. In this situation, the issue is really whether the sectoral approach enhances the process.

CHAPTER

5 CONCLUSIONS

The purpose of this chapter is to present our summary observations and conclusions based on the information presented in the preceding chapters of this report.

5.1 Rationale

The rationale for SPI has not diminished since the formative evaluation and, in the face of devolution of training to the provinces, SPI may have become even more relevant by providing human resource-related programs and services that are national in scope. In recent research examining the rationale for SPI, there is support for the HR approaches sponsored by this Initiative as a way to share costs of training-related investments and to capitalize on the expertise of the various partners. Past and recent public opinion surveys have confirmed that public support for lifelong learning is extremely high and there is strong public support of the partnership approach. The SPI approach, which attempts to depoliticize training and focuses on joint solutions, resonates very well with the general public. Employers and employees surveyed at the formative evaluation stage also confirmed the sector council concept is a valid approach. However, it is often difficult to translate verbal support into financial support.

5.2 Delivery Results

(a) Structure and Organization

Similar to their products and services, there is a great deal of diversity in the design and delivery of sector councils. Despite this diversity, there are some common elements of success, based on the evidence collected to date. In fact, thus far, the structure or organizational elements of a council have been the best predictor of its future survival. The key elements of success include:

- Early and clear identification and consensus on the compelling issues that will draw management and labour together and drive the sector council process. Isolating human resource issues from collective bargaining issues is important.

- The mix of board members — this includes adequate representation of both labour and management and representation that reflects the composition of the sector. While some sector councils reach out specifically to small companies, the participation of large companies is essential to assure the credibility and financial resources for sector council survival.

- Leadership is a crucial determinant of the progress and success of a sector council — this refers to leadership of companies, unions and board members. The leadership of the executive director and the efforts of "champions" or "true believers" is also important.

- True partnerships, effective working relationships and intangibles such as the "chemistry" at the board level and with private sector and educational partners.

(b) Agreements

There are few statements on intended impacts and effects in sectoral agreements and there are limited provisions in the current sectoral agreements for ongoing data collection and evaluation. The absence of any financial provisions has made it difficult for sector councils to devote resources to these activities, even if the results could ultimately provide information that could improve the effectiveness of their delivery results and outcomes. Strengthening sectoral

agreement provisions on reporting requirements for accountability could help to clarify result commitments and strategies to measure performance (i.e., data collection and evaluation/review) regarding council contributions to overall SPI strategic objectives as well as for program delivery (outputs).

Not all partnerships will yield lasting results. Agreements must ensure that provisions are incorporated to ensure maximum use is obtained from the products and services developed by the sector council. The sector councils must also prepare for the potential dissolution of project level partnerships and ensure that provisions are made in the agreements for ownership of products, client lists, etc..

Ownership is emerging as a crucial issue for several councils as joint development projects are undertaken with third parties and products, such as curriculum and supporting materials, are provided to participants. Protecting ownership of intellectual property is a difficult and complex issue, but may be crucial to the survival of a sector council. On the other hand, the collection of royalties and efforts to protect copyright could actually conflict with the broader SPI objectives of increasing learning opportunities. Reinforcing sectoral agreement provisions to deal with the issue of ownership in the context of regular functioning or partnership dissolution could help to clarify matters in this regard.

(c) Products and Services

There is a great deal of diversity in the products and services offered by the sector councils, reflecting different industry needs and challenges. A crude description of sector council products and services may be based on their focus on standards and/or training. Most sector councils are involved in the development of occupational standards. Examples of products and services include: development of occupational standards, training curriculum design, certification/ accreditation, funding training participation/training leveraging, and human resource research. The SPI is a large scale experiment in HR approaches which provides the opportunity to examine the strengths and weaknesses of various strategies. One potential threat to fully benefiting from this diversity is duplication of efforts across the sector councils. To avoid duplication and to

strengthen the efforts of all sector councils, the activities and experiences of the sector councils need to be communicated. This communications need may have exceeded the capability of the informal communications network and may require more formal mechanisms.

(d) Awareness, Take-Up and Satisfaction

Awareness and take-up of sector council programs and services is still relatively low. This observation is compounded by the fact that some of this training was not incremental. While some of this problem is simply due to the recent entry of the products into the marketplace, marketing is still a significant weakness. Several councils have recognized this weakness and staffed marketing positions or contracted out. In too many circumstances, however, product testing and marketing occurred *after* full production and entry into the market with products and services.

There are numerous barriers to implementing occupational standards and training and each small impediment can suppress participation. In general, a lack of flexibility in the delivery of the programs and services can severely restrict take-up rates. For example, the requirement to take courses in fixed time periods can conflict with production scheduling. Another related consideration is the role of unions in the delivery of programs and services. While union involvement may be essential at the design phase, for some sectors it may be equally essential to have a non-union labour interface as an option for the delivery of programs and services.

Overall, there were high levels of satisfaction among stakeholders and participants with the programs and services provided by sector councils. However, despite the high levels of satisfaction, in at least one survey the results indicated that participating employers were equally, if not more satisfied with training from other sources. The fact that employer or employee participants choose sector council training may reflect the unique access provided or the opportunities for standards and certification that may be lacking in the other options. Among the more flexible options, is computer-based technology. This type of training, however, is self-

directed and it is important to ensure the nature and content of the materials is clearly understood, including the skill and motivation required by the learner.

A common criticism of the training was the quality of the trainers. As train-the-trainer programs become more prevalent, it will become increasingly important to monitor the trainers and provide additional training or new trainers as appropriate. As noted by key informants, quite often the most highly skilled members of the workforce made the worst instructors despite the wealth of their knowledge.

(e) Systemic Change and Effective Partnerships

The key informant interview and case study evidence collected in this evaluation supports the achievement of systemic change. This change has occurred within the Canadian learning system and the way in which educational institutions respond to the needs of firms and workers. College recognition of workplace-based and sectoral council-based training for credit is one example of systemic change to the learning system.

Effective partnerships are a key factor in achieving systemic change. Partnerships bring significant direct and in-kind contributions to sector councils in the form of the time of partners, contributions toward operational expenses, as well as direct contributions to development and training costs. Partnerships have also played a critical role in achieving efficient development and implementation of council programs and services. Joint development projects are not without their problems and the sector councils must carefully consider potential outcomes, costs, benefits and legal implications.

(f) Self-Sufficiency

Given the evidence to date, the three year timeframe for achieving core operational self-sufficiency appears to be unrealistic for most sectors, unless there is already a strong partnership/working relationship. The process of developing working partnerships is frequently slower than expected, which only compounds the problems of trying to design and bring products to market within three years using a consensus decision making process. Of the seven operational sector councils included in Round One data collection, three had achieved financial self-sufficiency. Self-sufficient councils were still conducting projects consistent with SPI objectives, in fact, they were all still receiving project funding under SPI.

Focusing on a single product is a risky venture since the entire council can be at risk if the product fails in the marketplace. Diversity can be difficult to manage, but a modest degree of diversity is likely the safest approach.

Simply having successful product and service sales may not be sufficient to ensure self-sufficiency. Some sector councils with relatively modest program take-up levels have achieved core self-sufficiency from membership fees and certificates/renewal fees. There is a need to develop ongoing core support in addition to support from product sales. This type of ongoing core support is particularly challenging for cross-sectoral councils.

Although there are compelling reasons to require industry support and self-sufficiency, there can be inherent conflicts to charging fees such as less take-up due to cost. In addition, royalty and copyrights have become important issues as sector councils participate in joint development agreements. Self-sufficiency goals would compel the sector council to attempt to protect its copyright, yet this may conflict with goals for broader take-up by imposing a cost to potential users.

5.3 Employer Impacts

Increased Training and Developing a Training Culture

The evidence from administrative data, surveys and project-level case studies suggests that council-sponsored programs had an impact for employers on increasing training and interest in training activities. When it comes to developing a training culture, the process is even more important than the product. Without employer involvement, there can be little expectation that the process will have an impact at the firm level. The involvement may be as little as simply planning or tracking their training activities to full joint labour-management participation in HR decisions.

Increased Skills, Productivity and Profitability

The general consensus of employers was that the training and standards improved the skill levels of their workforce and there tended to be a related increase in productivity. There was some objective evidence of productivity and profitability improvements, but this was on a very limited scale. Other related impacts reported include improved school-to-work transition and client satisfaction.

5.4 Employee Impacts

Interest in Training and Participation

Council-sponsored HR activities are likely to have little impact on an employee's interest in training since there is virtually a mystique surrounding the training and lifelong learning. The main benefit of sectoral initiatives would be to provide more opportunities for training, removing some of the supply level barriers. Another advantage of sectoral training is the strong link to the workplace and the standards and certification that is frequently available. These opportunities facilitate the transition from intentions to actions.

Increased Skills, Mobility, Security and Earnings

Council-sponsored training was perceived by the majority of workers surveyed to have positive short-term impacts on various job-related skills and many reported using these skills at work. Indeed, many participants surveyed cited increasing or upgrading skills as the main reason for participating in council initiatives. Survey participants tended to be split on the perceived impacts of the training on their job mobility, flexibility, security and earnings. Some participants reported a perceived increase in mobility as a result of participation in training, and many expected the training to have positive impacts on their abilities for job advancement. For other training participants, the effects on such aspects were less clear. Differences in rated impacts may be due to the fact that different conditions prevail from sector to sector and across firms, which influences the reasons why employees participate in training and their expected results. The ability of workers to realize benefits depends, among other things, on the workplace itself. In addition, it is too early to measure the longer-term benefits of occupational training.

5.5 Efficiency and Cost-Effectiveness

The evidence indicated significant efficiencies in HR activities as a result of the sectoral approach. In general, the shift to joint development with educational institutions and private companies has significantly reduced the costs incurred by sector councils to develop their products and services. Some efficiencies have off-setting costs, including revenue sharing, but also additional management and administrative costs. A potential for inefficiencies can occur if there is close overlap or duplication of programs and services offered through other means.

5.6 Alternatives

For some sectors, the alternatives to sectoral initiatives are minimal since the types of training being promoted and designed are for new occupational standards. In some sectors or occupations, there may be few delivery agents because the market niche is too small to develop tailored products and services. In other sectors, however, the role of the councils may have to shift substantially to adjust to the growth in training options. Some of these challenges present opportunities as new market needs and roles for the council become apparent.

The extent to which a sector council is a true partnership and a broad representation of the industry, the involvement of educational institutions, private trainers and industry/occupational associations eliminates the distinctions between competing alternatives and the SPI approach. The more comprehensive the partnership approach is, the less relevant the alternatives issues become.

APPENDIX A

Supplemental SPI Objectives

Supplemental SPI Objectives

In late 1995, SPI supplemented its original objectives. A statement of SPI's additional objectives follows.

Objective: "To increase and improve private sector investment in the development of human resources and to improve the labour market relevance of the Canadian learning system."

Activities:

- Human Resource Sector Studies
- Sector Councils
- Occupational Standards (Basic Skills and Prior Learning Assessment)
- Skills Upgrading
- Sectoral Youth Internships
- National Sectoral Adjustment Service

Key Results:

- Published sector studies reflecting consensus recommendations for action by private sector on key industry HR issues — helping Government decide on allocation of resources for key HR issues (i.e., defining the Government's share of the costs).

- Self-sufficient infrastructure to manage the implementation of sector wide HR strategy — reducing burden on Government to address all labour market issues in all sectors.

- Development by industry and adoption by training providers of national occupational skills standards — reducing cost of curriculum development by educational institutions and improving the relevance of training made available to all training consumers, including UI claimants, therefore reducing the likelihood of subsequent claims; and improving inter-provincial labour mobility.

- Increased industry investment in training — improving the skills of the labour force and reducing the likelihood of layoffs.

- Improved learning approaches and greater commitment from industry to the training of youth — reducing the likelihood of unemployment or underemployment for young Canadians.

- Increased private sector resources to resolving labour market issues — reduced Government resources to address such issues.

APPENDIX B

Process of Development for Sectoral Agreements

Process of Development for Sectoral Agreements

Given the unique nature and needs of each sector, the process by which sectoral partnerships develop varies somewhat from sector to sector. Each partnership initiative, however, passes through several phases of development. Exhibit B-1 presents the typical process of development for a sectoral agreement. It is important to note, however, that the development process is not strictly linear, and that the process can be altered to accommodate the specific needs of a sector.

Before a sector begins the process of development, it must be selected and approved for inclusion in the SPI. To date, some sectors have approached HRDC to express an interest, while others have been identified as candidates by HRDC. Potential sectors for consideration have also been suggested by Industry and Science Canada. All potential sectors are reviewed by a selection board or committee, which is made up of the Directors from divisions within the Human Resources Partnerships (HRP) Directorate: Sectoral Partnerships Delivery Division; Standards, Planning and Analysis Division; Sector Studies Division; and Occupational and Career Development Division. Potential sectors are analyzed using an economic model which incorporates a range of criteria relating to the composition and characteristics of each sector (representation of small businesses, extent of exports, etc.). Representatives of priority sectors identified are approached by HRDC. Not all sectors approached agree to participate.

For the purposes of this Initiative, sectors or sector groups are usually identified as a national group of companies, organizations or workers who share common human resource issues. Groups can also be those that provide a common service to a number of sectors. Eligible sectors are identified according to three basic criteria:

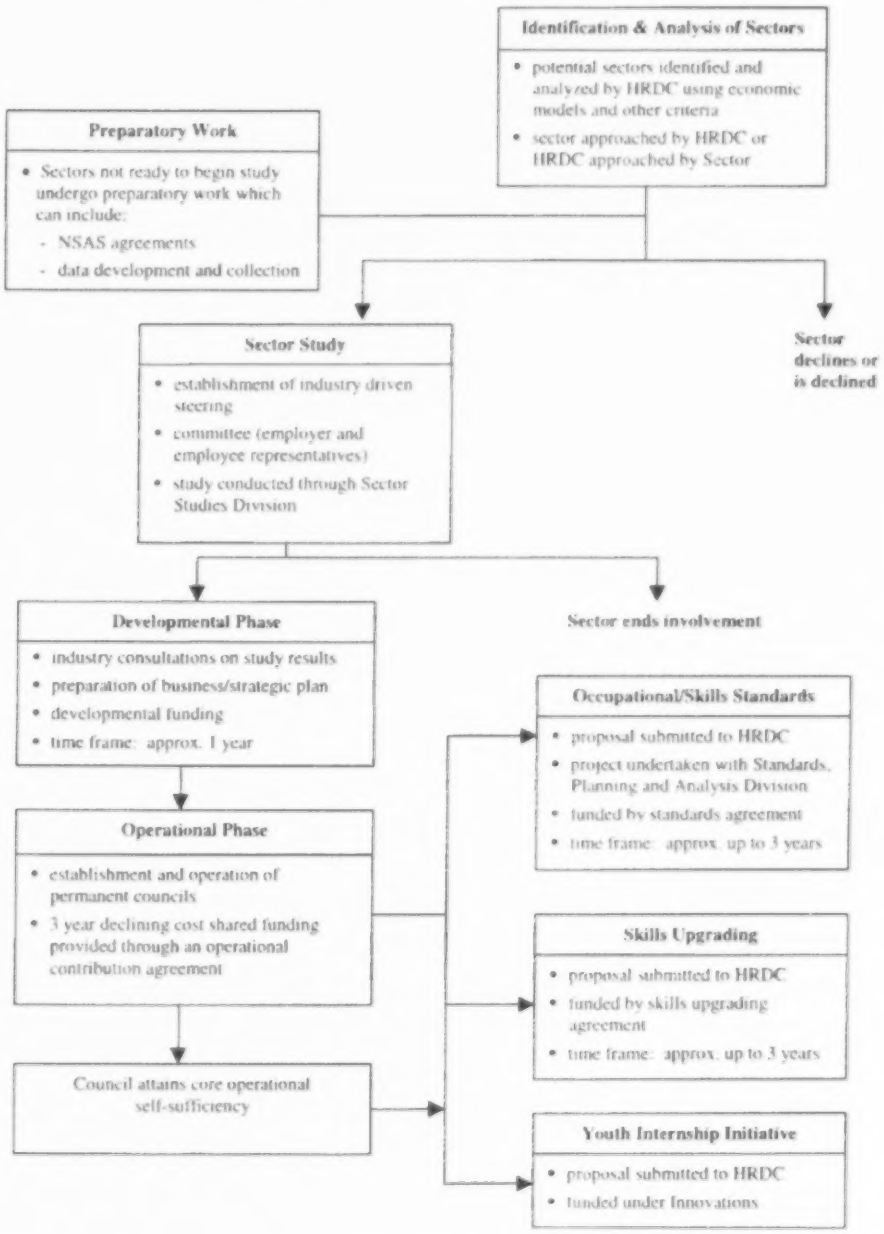
1. Sectors must be undergoing a critical change in their markets, the way they do business or the type of resources they employ. Specifically, a sector's human resource requirements will change, leading to displacement in some sectors and shortages in others. Sectoral changes can include technology, growth, restructuring, downsizing or changes in global competition.

2. The sector must compete internationally.

3. There must be indications the sector needs assistance adjusting to changing market conditions (i.e., can the sector take advantage of the changing market or does it require assistance to ensure that it remains competitive?)

When a sector becomes a participant in the SPI, the first step in the development of a sectoral agreement is generally a sector study. If the sector is not yet prepared to undertake this type of study (e.g., little consensus or existing partnerships), HRDC may start the sector with some preparatory work, including a National Sectoral Adjustment Service (NSAS) agreement or some initial data development and collection.

Exhibit B.1: The Sectoral Partnership Initiative
Process of Development for Sectoral Agreements


Identification & Analysis of Sectors
• potential sectors identified and analyzed by HRDC using economic models and other criteria
• sector approached by HRDC or HRDC approached by Sector
Preparatory Work
• Sectors not ready to begin study undergo preparatory work which can include:
- NSAS agreements
- data development and collection
Sector Study
• establishment of industry driven steering
• committee (employer and employee representatives)
• study conducted through Sector Studies Division
Sector declines or is declined
Developmental Phase
• industry consultations on study results
• preparation of business/strategic plan
• developmental funding
• time frame: approx. 1 year
Sector ends involvement
Operational Phase
• establishment and operation of permanent councils
• 3 year declining cost shared funding provided through an operational contribution agreement
Council attains core operational self-sufficiency
Occupational/Skills Standards
• proposal submitted to HRDC
• project undertaken with Standards, Planning and Analysis Division
• funded by standards agreement
• time frame: approx. up to 3 years
Skills Upgrading
• proposal submitted to HRDC
• funded by skills upgrading agreement
• time frame: approx. up to 3 years
Youth Internship Initiative
• proposal submitted to HRDC
• funded under Innovations

Currently, most sector studies are performed by the Sector Studies Division. Sector studies can be conducted through other sources (e.g., industry or government) but the study must be validated by the Sector Studies Division. While sector studies are funded and conducted through HRDC, the sector is involved throughout the process as members of a steering committee guiding the study project. Both employer and employee representatives of the sector participate in the steering committee. The sector study analyses the competitive pressures faced by the industry and identifies the current and future skill needs of the industry. The research conducted typically includes an analysis of:

- the competitive business environment, including international competition;
- occupations in the industry;
- the impact of new technology;
- employment trends;
- current training practices; and
- training and human resource issues.

As mentioned, not all sector studies have been conducted through the Sector Studies Division. To date, some studies have been conducted under an NSAS agreement, by Industry Canada or by the Canadian Labour Market and Productivity Centre (CLMPC).

If the results of the sector study clearly identify the need for a sectoral approach to address human resource needs, the sector typically proceeds to a developmental phase. The sector may also choose to end its involvement with the SPI following the completion of the study, or may choose to pursue an alternate process or intervention (such as an NSAS agreement).

The developmental phase lasts up to one year, during which HRDC provides funding through a contribution agreement to cover the costs of developing the sector council. Typically, the steering committee involved in the sector study phase spearheads the developmental phase as well. The developmental phase usually involves industry consultation regarding the results of the sector study, and the development of a business plan for the sector council. If the resulting business plan meets both HRDC requirements for the Initiative, and the sector's needs and objectives, the council is instituted and enters a three year operational phase.

During the three years of the operational phase, the council receives operational funding on a declining cost-shared basis from HRDC through an operations contribution agreement. The funds provided are intended to cover the administrative costs of running the council. At the end of the three years of the operational phase, the council is expected to be self-sufficient in terms of its core operational costs.

In addition to receiving funds to defray the costs of instituting and operating the council, many sectors enter into additional agreements with HRDC to fund specific human resource development initiatives. These agreements include Skills Upgrading[4] projects and

4. The focus changed from training delivery to training enabling activities such as curriculum development in 1996-97, in light of the federal government's offer to devolve labour market training to the provinces/territories.

Occupational/Skill Standards projects. Funding for Skills Upgrading and Occupational/Skills Standards is also provided through contribution agreements. Proposals for these projects are submitted to HRDC by the sectors. Agreements for these projects are also typically for a three year duration. Occupational/Skills Standards projects are undertaken with the assistance of the Standards, Planning and Analysis Division, the HRDC standards specialists.

In addition to Skills Upgrading and Occupational Standards projects, sectors are now eligible for funding of projects under the Sectorial Youth Internship stream of the Youth Internship Program. While initial projects funded under the Youth Internship Initiative were part of the Innovations program, this Initiative is expected to be an important vehicle for many sectoral agreements. As of July, 1997, nine Sectoral Youth Internship projects had been approved for funding. In 1997-98, sector councils also became eligible for multi-departmental funding through the Science and Technology component of the Youth Employment Strategy..

APPENDIX C
List of Current Sector Councils

List of Current Sector Councils

Operational Sector Councils

- Canadian Aviation Maintenance Council
- Canadian Automotive Repair and Service Council
- Canadian Steel Trade and Employment Congress
- Electric/Electronic Sectoral Skills Council
- Forum for International Trade Training
- Canadian Professional Logistics Institute
- Canadian Trucking Human Resources Council
- Software Human Resource Council
- Canadian Council for Human Resources in the Environment Industry
- Canadian Tourism Human Resource Council
- Textiles Human Resource Council
- Horticultural Human Resource Council
- Women in Trades and Technology
- Cultural Human Resources Council
- Canadian Electronic and Appliance Service Industry
- Canadian Council of Professional Fish Harvesters
- National Seafood Sector Council
- Aquaculture Human Resources Council
- Mining Industry Training and Adjustment Council

Developmental Sector Councils – Working Groups

- Canadian Grocery Producers Council
- Biotechnology Human Resources Council

APPENDIX D

Evaluation Issues and Questions

Evaluation Issues and Questions

One of the primary objectives of the methodology development phase of the evaluation was to refine the evaluation issues and to develop a series of specific evaluation questions which would, in turn, help determine the scope of the evaluation. In developing a final set of evaluation issues and questions, the original four issue areas identified in the Evaluation Framework were altered and expanded to accommodate the varied questions and issues the evaluation must address. The final broad issue areas proposed are the following:

- rationale;
- delivery;
- impacts and effects;
- efficiency and cost-effectiveness; and
- alternatives.

Below is a brief discussion of each issue area, and the specific evaluation questions for each issue group.

It is important to note that the specific issues and outcome measures to be analyzed will vary for each sector council depending upon the unique set of objectives, activities and outputs of each council.

Rationale

1. Are the Sectoral Partnership Initiative and sectoral agreements relevant to current and evolving sectoral needs?

Training and human resource planning and development issues have been identified for each sector through sector studies and through discussions amongst partners in each sector. Are the identified needs of sectors being met? The evaluation will examine this issue at two levels:

- the relevance of the SPI to the varied needs of sectors; and
- the relevance of the sectoral agreements to their sectors.

At the aggregate level of the SPI, it will be necessary to examine the responsiveness and flexibility of the Initiative to sectoral needs, and whether the approach, objectives and guidelines of the SPI are consistent with these needs. The question of relevance of the sectoral agreements to sectors then examines how well the individual agreements have been able to address sectoral needs, including needs of firms and workers. For councils established after a sector study, needs are identified in the study. However, in many cases, needs were prioritized for action and sectoral agreements will not address all needs in the same timeframe. It will be important to identify the current priority sectoral needs through discussion with council and sectoral representatives.

An additional important question under the issue of relevance is the ability of both the SPI and the sectoral agreements to adapt and respond to changing needs over time. The human resource issues of sectors can be expected to change significantly over time with changes in market forces, changes in the labour force, economic changes, etc.. There have already been significant changes in needs in the time that the current councils have been operating. For example, in the sector study conducted for Aviation Maintenance in 1991, a shortage of skilled workers was identified as a major issue. Since that time, the sector has faced significant down-sizing to remain competitive, and the availability of entrants has become a more long-range concern. As with the original sectoral needs, new or changing needs must be identified through discussion with council and sectoral representatives, including both employers and employees.

An additional important consideration under the issue of relevance concerns sectors that are not participating in the SPI. Why have some sectors decided not to pursue a sectoral agreement? The reasons for non-participation will be explored, as well as the potential relevance of the SPI to the needs of the non-participating sectors.

In addition to looking at sectors that have ceased their involvement in the SPI, the evaluation will look at sectors that have had no involvement to date in the initiative. How many of these sectors have initiated human resource partnerships without government assistance? What are the objectives, structure, activities of any initiatives established outside of the SPI? How do these sectors and their initiatives compare to sectoral agreements?

2. Are the goals and the objectives of the sectoral agreements consistent with the SPI?

The goals and objectives of the SPI will be realized, ultimately, through the sectoral agreements. It is important, therefore, to verify that the sectoral agreements are indeed consistent with the intent of the SPI. Consistency between agreements and the SPI will be an additional indicator of the relevance of the SPI to sectors. Consistency is also important if the overall objectives and intended impacts of the SPI are to be fulfilled. It will be important to consider not only the stated objectives contained in legal contribution agreements, but also the perceived objectives and deliverables of sectoral agreements. Are the perceptions of HRDC and sectoral representatives consistent?

3. Are the lines of accountability clearly understood and agreed upon?

Given the fact that SPI objectives and intended impacts are ultimately achieved through sectoral agreements, clear lines of accountability are critical. Are sectoral agreements accountable for specific results? Is this accountability understood and agreed upon? In particular, it will be necessary to look at if and how lines of accountability are specified in SPI documents and legal contribution agreements, and what lines of accountability are implicity understood by both sectoral representatives and program officials.

Furthermore, the evaluation will also examine to what extent accountability varies for the delivery of the outputs of councils and the broader impacts and effects of the SPI.

4. Is the Initiative's current design plausible?

This issue is concerned with whether the current design of the SPI makes sense given effectiveness of previous sectoral approaches, current knowledge and results of similar foreign and domestic approaches. How effective were previous or alternative approaches in meeting the objectives pursued by the SPI?

This issue is also concerned with whether the Initiative is relevant to current and future operational environment. Does it fit in with the larger political and policy environment? This issue involves an analysis of the expected directions of public policy.

Delivery

5. Have the intended outputs of the sectoral agreements been achieved?

This first delivery question concerns achievement of the intended outputs of sectoral agreements. Intended outputs are determined in the development of the sectoral agreement, and are typically spelled out in business plans and the contribution agreement. While some adjustments to the intended outputs may occur over time due to changing needs, most intended outputs can be expected to remain the same. Some of the main outputs of sectoral agreements may include:

- occupational/skills standards;
- training curricula and accreditation/certification;
- training programs;
- educational standards and accreditation programs; and
- youth internship projects.

Additional outputs may include communications programs, adjustment services, information systems and products, etc..

To what extent have these intended outputs been delivered? Have they been fully implemented and delivered? For example, of the occupations that were to be analyzed and standards developed, what number or percentage were completed? Of the training curricula that were to be developed, what number or percentage were completed?

6. Have the sectoral agreements produced effective partnerships?

The sectoral initiatives are based on partnerships involving employers and employees. In addition to the employer/employee partnership which is the foundation of the agreement, educational institutions, provincial governments and other federal departments are expected to be important partners in sectoral agreements. These partnerships are expected to stimulate private sector interest in human resource issues, improve private sector training efforts, and result in a

better trained workforce. One of the key questions the evaluation must answer concerns the impact of the SPI and sectoral agreements on the incidence and effectiveness of partnerships.

Partnerships, and variables that may affect their effectiveness, vary from sector to sector. In evaluating the impact of the SPI on sectoral partnerships, and the effectiveness of these partnerships, it will be important to consider factors such as: diversity of the sector (activities, geographic, etc.); diversity in partnership participants (number of unions, employer or employee associations, educational institutions); history of relationships amongst parties in the sector (cooperative, conflictual) and the partnerships which preceded the agreement; and economic conditions and issues to be addressed within the sector.

In looking at whether the sectoral agreements have produced effective partnerships, it will be necessary to consider:

- the number of new partnerships established as a result of the sectoral agreement or how partnerships have been altered as a result of the agreement;
- the sectoral coverage of partnerships (e.g., what number or percentage of firms and workers are included in the partnership);
- tangible results (i.e., outputs) of partnerships;
- the effectiveness of the partnership process (e.g., timeliness, resolution of conflict, etc.);
- the impact of the sectoral agreement on the effectiveness of existing partnerships (e.g., impact on industrial relations); and
- impact of the council on industry/government partnerships and communications.

In analyzing the impacts of the sectoral agreements on partnerships, it will also be important to compare partnerships within sectoral agreements to partnerships in sectors that are not involved in the SPI. Have sectors not involved in the SPI established employer/employee and other partnerships aimed at addressing human resource development issues? On what basis can these be compared? How do the results, effectiveness and impacts of these partnerships compare to those established as a result of the SPI? Before comparing SPI partnerships to others, it will be important to examine the structure, activities and objectives of other partnerships to ensure that valid comparisons are made.

7. Have the sectoral agreements led to appropriate and effective human resource development programs and practices?

The previous issue looks at whether the intended outputs were delivered, while this issue is concerned with the extent to which the outputs delivered were appropriate and effective. Measures that may be used to answer this question include:

- funds committed to programs developed as a result of the sectoral agreement;
- funds levered from firms and individuals compared to government sources;
- program take-up (number of firms and workers involved);
- amount of portable/generic training that has resulted from the sectoral agreement versus company specific training offered; and
- satisfaction of firms, partners and workers with the human resource initiatives developed.

An important sub-issue or question is: To what extent changes in human resource development practices can be attributed to the activities of the council? It is important to be able to attribute changes in human resource development practices to the activities of the sector councils. It is not sufficient to simply measure changes over time, but one must be able to state that these changes in the quantity and quality of human resource development practices would not have occurred without the interventions of the sector council agreements. Indicators for this sub-issue will require measuring changes in practices over time and comparisons between participating and non participating firms.

A second sub-issue or question is: How are trade-offs in the optimal benefits from human resource development activities for employers and employees reconciled? While sectoral agreements are partnerships between business and labour, it is inevitable that the needs and preferences of workers and firms will at times conflict. What discrepancies exist between the needs of firms and employees? How are these issues resolved? Furthermore, it is possible that the overall needs of the sector may conflict with those of individual firms and/or workers.

The issue of whether these practices are effective is a question that defines the overall approach to the evaluation of SPI. First, the impact of the sector council's on human resources development practices will be assessed. The second part of this issue is to examine how effective different types of human resources development practices are regardless of whether they are linked to sectoral activities or not. Once the effectiveness of different practices are known, the evaluation can then answer whether the sector councils are implementing effective practices.

8. Are sectors becoming financially self-sufficient over time?

From the perspective of the councils or sectoral agreements, it is important to distinguish between two types of costs: administrative costs involved in operating the council or agreement, and program costs involved in developing and delivering initiatives, such as training. Councils are expected to achieve self-sufficiency in terms of administrative or core operating costs. However, some may also achieve cost recovery in terms of program costs.

In looking at the issue of core operational self-sufficiency and the success of sectoral agreements in achieving this goal, it is important to consider whether the sectoral organizations have established a position in the market-place where its services are in demand and valued by the private sector. In order to achieve the self-sufficiency goal established under SPI, each council

will require support and buy-in from the sector. For this buy-in to occur, the products and services offered by the council must meet a need, and be valued by firms and workers.

In examining the capability of sector councils to become sustainable on their own, the evaluation must consider:

- success of the sectoral agreements in achieving self-sufficiency after the initial three year operational phase and the continued success and operation of the sectoral agreements independently of HRDC after the three-year agreement;
- the relative success of the financing strategies employed in different sectoral agreements;
- the progress of the sectoral agreements in developing new sources of funding over and above government contributions;
- comparison of firm and worker contributions (direct and in-kind) to government sources of funding; and
- extent to which activities initiated by the councils continue after government assistance ends.

9. a) What level of awareness and outreach has SPI achieved?
b) What level of awareness and outreach have sectoral agreements achieved?

The issue of awareness and outreach must be addressed at two levels: the overall initiative; and the sectoral agreements.

In terms of the SPI, the evaluation is concerned with awareness, access and take-up of the Initiative amongst sectors. Are eligible sectors aware of the SPI? What level of participation is being achieved? Is there equitable access to the Initiative? The target number of sectors to be covered under the SPI has been reduced to about 35 from the original 55-60 (due to cutbacks). Awareness and take-up will therefore be restricted.

At the level of the sectoral agreements, the evaluation is concerned with awareness of the sectoral agreement amongst firms, and outreach of the sectoral agreement to firms and workers within the sector. Measures of the outreach of the agreement include equitable take-up of products and programmes offered by firms of all sizes and types, equitable access to training by all employees, and the extent of buy-in of firms into the sectoral agreement through membership and financial support. Awareness of the sectoral agreement amongst firms will likely occur within the first year of operation as most sectoral agreements include a communications strategy with their business plan. Equitable access for firms based on size is important as meeting the needs of small and medium businesses is one of the objectives of the SPI.

Impacts and Effects

10. What are the impacts of human resources development practices on sectors and firms within the sectors?

The sectoral agreements can be expected to have impacts at several levels: workers, firms, sectors, and society. Before the evaluation can assess the impacts of the sector councils, it must first assess the impacts of HR practices in each of the sectors, whether they are linked to the sectoral initiative or not.

This issue examines the impacts of HR practices at the firm and sector level. Impacts at the firm and sector levels will vary, depending upon the type of HR practice. Activities related to training, education, and occupational standards will all have distinct impacts. Furthermore, the exact impacts will vary depending on the nature of the specific HR practice.

The precise intended impacts of HR practices will be identified in close consultation with council representatives to ensure the most appropriate measures are examined. Impacts may include:

- increased awareness and knowledge of human resource issues and solutions;
- increased human resource development planning within firms;
- development of a training culture within firms;
- change in public image of sector;
- improved quality of education and training;
- increase in training activities;
- change in attitudes towards training and human resource development;
- increase supply of skilled entrants;
- improved skills of the existing workforce;
- improved flexibility of workers;
- improved school-to-work transition;
- access to training;
- improved industrial relations;
- increased productivity;
- decreased turnover and increased morale; and
- increased investment in training.

These impacts have not been directly linked to specific types of initiatives (e.g., training, occupational standards). Each impact may be attributed to a specific initiative or to a combination of sector initiatives. Precise impacts and effects will be identified by council/sector.

Given the emphasis on meeting the needs of all firms, large and small, it will be important to measure and compare the impacts on different types of firms.

Furthermore, this issue will attempt to define the pre-conditions for success at the firm level. What conditions are conducive to the development and implementation of effective training and other human resource initiatives?

This approach diverges substantially from the traditional "black box" approach which would only look at difference in program outcomes for sector council program and services participants versus non-participants. The "glass box" or "clear box" approach concentrates on what human resources development practices work regardless of whether they are implemented in the participant or non-participant groups. Thus information collected from survey data on human resources development practices and outcomes can be pooled for both sector council program and services and other sector programs and services. This analysis provides a diagnostic tool which is not tied to a "pass-fail" approach to evaluation but which generates information on what works best and how to improve the current program and services offered. For sector councils who have a number of different major programs or services, a simplistic effective/ineffective assessment overall would be of no use for the sector council or SPI's senior managers. The pass-fail results are also not useful to SPI management who will want to know how the SPI can be improved. The diagnostic analysis should not only indicate what works and what doesn't, but, more importantly, it should determine whether the new approaches implemented through the sector councils are more effective than the types of human resources practices used prior to the implementation of the sector council activities. This approach also avoids some of the attribution difficulties for sector councils where it may be possible to measure an impact on human resources development practices at a firm or sector level, but identifying a specific human resources development practice that is a result of the sector council activities may not be feasible.

11. What are the impacts of HR practices on workers?

At a more micro level, the evaluation will also measure impact of the HR practices on workers and the rate of the sectoral agreements. As with firm and sectoral impacts, the exact worker impacts will depend on the nature of the HR practices. Participation in training programs will have very different impacts from the introduction of occupational standards, for example. Potential impacts at the worker level include:

- changes in employability, wages and benefits, mobility and skills;
- changes in worker flexibility, confidence, motivation, job satisfaction; and
- increased access to appropriate training; and
- change in attitudes towards training.

The evaluation will also define the pre-conditions for success at the worker level. What conditions ensure effective and equitable take-up of training and other initiatives by workers? What pre-conditions are favourable to maximizing the positive impacts of training on workers? What approaches yield the greatest benefits will also be an important sub-issue at the level of workers.

12. What is the impact of the sectoral agreements on the economic health of sectors?

HR practices, sectoral agreements and the SPI are expected to have a positive impact on the economic health and competitiveness of sectors over the long term. The issue of

improvements to the economic health of sectors will be a particularly difficult one. Indicators will not be identical for all sectors. As well, there is the issue of attribution: to what extent are improvements in economic health due to the operation of the council? Other factors in the environment, such as introduction of new technology and R&D, may also affect the overall health of an industry.

Precise indicators and the measurement of competitiveness impacts will be a topic of discussion with sectoral agreement representatives. Examples of potential indicators which may be used include the following:

- increased productivity;
- increased profitability;
- decreased incidence of failure;
- increased exports; and
- hiring increases, reductions in job vacancies.

As with the issue of impacts on economic health, attribution will bear important consideration. It will be very difficult to assign cause and effect for measures such as productivity, turnover, morale.

13. What are the societal impacts of the SPI and sectoral agreements?

Finally, the evaluation will examine the impacts of HR practices and the contribution of sectoral agreements at the societal level. These impacts are extremely difficult to measure. It will be next to impossible to quantify impacts attributable to HR practices and sector councils. However, the evaluation will examine observable societal impacts of the SPI and sectoral agreements. Important impacts, that will be more easily measured, will be the systemic changes in the development and implementation of national training and occupational standards. The impacts on jurisdictional boundaries and the role of the educational system and the provinces will be assessed. Other potential impact includes reduced demand on UI as individuals receive improved access to economic opportunity and the mobility of workers improves due to increased, portable training. A second societal impact might be an improvement in the overall health of the economy.

14. Is there a stronger sense of responsibility and control within the private sector in terms of labour force training and human resource issues as a result of SPI?

A key result of the successful delivery of the Initiative is that the private sector is to become more involved in human resource development issues and is to assume more of the responsibility for training. This issue seeks to determine the extent to which the Initiative has provided the private sector with an increased sense of responsibility and control with respect to training and human resource development as a result of the Initiative.

Indicators for this issue will include:

- number of firms developing and implementing human resource or training plans;

- increase in the importance the private sector attaches to human resource development;
- increased private sector initiative in acting on human resource initiatives (program take-up, increase in training activity, etc.);
- funds levered for investment in training; and
- increase in worker responsibility and control for training and development.

Efficiency and Cost-Effectiveness

15. What is the relative efficiency and cost-effectiveness of the activities of sectoral agreements?

An important issue to the councils or sectoral agreements is the issue of relative efficiency and cost-effectiveness of sectoral activities and initiatives. How does the delivery of services differ amongst sectors? In many cases, a number of sectors will be implementing similar types of activities or initiatives. Each sectoral agreement will have their own approach to similar issues or types of activities. The evaluation will compare the relative efficiency and cost-effectiveness of the sectoral approaches within each sector. What lessons can be learned from councils? What works best? What approaches should be avoided in the future? The results of this evaluation question will provide sectoral agreements with valuable and practical information that will assist them in maximizing the efficiency and cost-effectiveness of their agreement. In addition to looking at the relative effectiveness of different sectoral initiatives, comparisons will be made to the alternatives. The alternatives will be the HR practices in existence prior to the sector councils. For example, if firms were purchasing courses from private trainers previously, the costs of this would be the alternatives examined.

The evaluation will also explore the optimal mix of services to meet different sectoral needs.

16. Is there any overlap in constituencies in sectoral agreements?

The criteria used to define sectors include both SIC defined sectors and cross-sectoral groupings or alternative definitions of sectors. While this approach has allowed the SPI to be flexible in accommodating sectors and their needs, there is a potential for some overlap in the constituencies of the sectoral agreements. The existing and proposed sectors will be analyzed and compared to determine whether overlaps exist, and if so, how they are being handled.

Furthermore, an additional related evaluation question concerns whether there is any overlap between the objectives, activities and outputs of the SPI and other government programs. Other related programs may exist at the federal and provincial level. A few of the current agreements are receiving joint funding from HRDC and the provincial governments. Other sectors received assistance in the past (particularly during sector studies) from other federal departments.

Alternatives

17. Are there more cost-effective alternatives to the SPI and the sectoral agreements?

The issue of whether there exists more cost-effective alternatives must be examined at two levels: at the level of the overall initiative and at the level of the sectoral agreements. At the macro level, are there more cost-effective means of attaining the purpose and objectives of the SPI available to HRDC? This may be considered in two ways: could the benefits/effects of the Initiative be enhanced/improved within the existing budget? To answer this question, the evaluation will examine potential alternatives to the SPI and the relative cost effectiveness of these alternatives compared to the SPI.

At the level of sectors, are there more cost-effective means of addressing the sectoral issues and objectives than sectoral agreements? This issue will involve examining the prior HR practices of the sectors as the alternatives available.

APPENDIX E

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